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TAMURA ANNOUNCES SEMICONDUCTOR ACCORD WITH U.S.

OW311445 Tokyo KYODO in English 1440 GMT 31 Jul 86

[Text] Tokyo, July 31 KYODO -- International Trade and Industry Minister Hajime Tamura announced Thursday night Japan and the United States have agreed on bilateral semiconductor trade after more than a year of negotiations in both capitals.

The agreement calls for both governments to establish a price monitoring system to prevent Japanese microchips from being dumped in the U.S. market.

It also requires the Japanese government to make efforts to give American microchips wider access to the Japanese market, ministry officials said.

Tamura said in a statement the agreement is extremely significant in promoting the sound development of Japanese and U.S. semiconductor industries and affecting favorably the overall relations between the two countries.

He said full consideration has been paid to avoid damaging the interests of other countries.

Tamura expressed hope that the related industries of both countries will understand and cooperate in realizing the objectives of the agreement.

MITI Official on Accord

OW301646 Tokyo KYODO in English 1537 GMT 31 Jul 86

[Text] Tokyo, July 31 KYODO -- Japan and the United States have reached a final agreement on bilateral semiconductor trade with an expectation that U.S. firms would expand their share in the Japanese semiconductor market, a senior official of the Ministry of International Trade and Industry (MITI) said Thursday night.

The agreement is expected to be initialed Thursday afternoon (Washington time) and signed later, MITI officials said.

Yukiharu Kodama, director-general of MITI's Machinery and Information Industries Bureau, said the U.S. administration suspended dumping investigations into two Japanese-made microchips -- erasable, programmable read-only memory (EPROM) and 256-kilobit dynamic random access memory (DRAM) chips -- in the American market.

The overall agreement covers eight products: EPROMS, 256k DRAMS, static-rams, emitter-coupled logic rams, 8- and 16-bit microprocessors, 8-bit microcontrollers and other custom-designed chips, Kodama said.

The Japanese-U.S. overall agreement marks the first governmental accord in high-technology trade.

The U.S. Demanded that Japan "guarantee" the doubling of U.S. share in the estimated 6 billion dollar Japanese semiconductor market to about 20 percent in five years, Kodama said.

But the final agreement did not "guarantee" the expansion of U.S. share, saying only the Japanese Government will provide further support for expanded sales by foreign firms in Japan, he said.

The agreement called upon major Japanese chipmakers of EPROM and 256k DRAM chips to submit quarterly cost-accounting data and sales prices on the basis of which the U.S. Department of Commerce will monitor prices to prevent Japanese chipmakers from selling their products at less than fair market value.

The accord came in last-ditch subcabinet-level negotiations between Makoto Kuroda, MITI vice minister for international affairs, and Deputy U.S. Trade Representative Michael B. Smith in Washington.

Japan is obliged to monitor "company-specific costs and export prices," reported by Japanese chipmakers, to prevent dumping of Japanese-made microchips in "third party markets" including European Community (EC) and Asian nations, Kodama said.

MITI will establish an organization to assist U.S. firms to increase their sales in Japan and to promote "long-term relationships" between microchip users and U.S. semiconductor manufacturers, he said.

Both countries stressed that the agreement would not hamper interests of any third parties and provisions of the General Agreement on Tariffs and Trade (GATT).

Summary of Accord

OW311640 Tokyo KYODO in English 1446 GMT 31 Jul 86

[Text] Tokyo, July 31 KYODO -- The following is the summary of Japan-U.S. agreement on bilateral semiconductor trade released Thursday by the Ministry of International Trade and Industry.

1. Market access

(1) Both governments hope to expand free trade in semiconductors based upon market forces and competition.

The Japanese Government will encourage semiconductor users in Japan to use foreign-made semiconductors.

The U.S. Government will encourage U.S. semiconductor makers to step up sales efforts.

(2) Both governments expect steady expansion of access to the Japanese market of foreign-made semiconductors.

(3) The Japanese Government will implement the following measures and the U.S. Government will support them as much as possible.

a. Japan will establish an organization for the promotion of sales of foreign semiconductors in Japan, the quality assessment of foreign products and the promotion of exchange of researchers.

b. Japan will promote long-term cooperation between Japanese users and foreign makers.

(4) Both governments will refrain from taking measures that would lead to excessive capacity for producing semiconductors.

2. Prevention of dumping

(1) Suspension of dumping investigation

The U.S. Government will suspend dumping investigation into EPROM (erasable, programmable read-only memory) chips and 256-kilobit DRAM (dynamic random access memory) chips or larger drams.

(2) Monitoring system for U.S. market

a. The Japanese Government will monitor costs and prices on specified products exported from Japan to the U.S. in view of the importance of eliminating dumping.

b. These products will be identified by agreement of the two governments from among those semiconductors which Japanese companies produce in substantial volume, are increasingly exported to the U.S. and meet either of the following criteria: They are standard and general-use semiconductors or there is evidence or a threat of sales at less than fair value.

c. Cost and export price data on monitored products will be submitted to the MITI in accordance with procedures established by MITI. Japanese exporters will be advised to provide MITI with the data concerning the sales prices to third parties in the U.S.

d. Both governments will conduct negotiations on request by the U.S. Government that Japanese industries submit information on their semiconductor sales if they are sold at below fair value.

e. Based upon the negotiations, the Japanese Government will advise industries to refrain from exporting and selling semiconductors at below fair value.

f. The U.S. Government reserves the right to initiate dumping investigations. The U.S. Administration will undertake consultations before it begins voluntary investigation.

g. The U.S. Government will encourage Japanese semiconductor exporters to submit required data at an early stage.

(3) Monitoring system for third market

The Japanese government will conduct appropriate monitoring of costs and export prices regarding exports to third countries in view of the importance of eliminating dumping.

3. General rules

- (1) The agreement takes effect provided that two suspension agreements between the U.S. Department of Commerce and Japanese exporters concerning dumping investigation on EPROM and DRAMS with a memory capacity of 256 kilobits and above are realized.
- (2) Both governments will hold talks to review the implementation of the agreed measures.
- (3) The agreement could be abrogated if the base of the agreement changes substantially.
- (4) Any provisions of this agreement should not hamper interest of third countries and affect rights and obligations of the general agreement on tariffs and trade.
- (5) The term of the agreement is five years.

Industry Leader Views Accord

OW010313 Tokyo KYODO in English 0255 GMT 1 Aug 86

[Text] Tokyo, Aug 1 KYODO -- A Japanese semiconductor industry leader Thursday pledged faithful observance of a bilateral semiconductor trade agreement reached between Japan and the United States the same day.

Shoichi Saba, president of the Electronic Industries Association of Japan, said the agreement places heavy burdens on Japanese semiconductor manufacturers. "But we are determined to faithfully abide by and implement the agreement," he said.

Saba, who is chairman of Toshiba Corp., said he will also do his best to contribute to healthy development of the semiconductor industries of both Japan and the United States.

Japan and the United States Thursday reached a final agreement on a bilateral semiconductor trade dispute. The agreement calls on Japan to take measures to expand the share of U.S.-made semiconductors in its domestic market and prevent "dumping" of Japanese-made chips in the U.S. market.

The U.S. Government, in exchange will suspend investigations into alleged "dumping" of Japanese-made chips in the U.S. market by Japanese makers.

Meanwhile, Hajime Tamura, Minister of International Trade and Industry, said the agreement is significant in that it will have a good effect on overall Japan-U.S. economic relations as well as on the healthy development of semiconductor industries in both Japan and the United States.

He said he expects the agreement to go a long way toward improving overall economic ties between the two countries, which are now faced with difficult problems such as trade friction.

U.S. INCREASING DANGER OF NUCLEAR WAR IN KOREA

Military Aid to ROK Stepped Up

SK310401 Pyongyang Domestic Service in Korean 2151 GMT 30 Jul 86

[NODONG SINMUN 31 July commentary: "Growing Restless With War Zeal"]

[Text] Having flatly refused to accept our peace proposal for holding talks between military authorities, the U.S. imperialists and South Korean puppets have recently stressed increasing their military capability and completing an offensive posture for northward invasion.

Saying that the Korean peninsula is a key zone of U.S. interests, the U.S. imperialists have requested of the U.S. Congress military aid worth \$232.2 million, an increase of 41 percent over that of the present fiscal year, for the next fiscal year. Following this, they have further strengthened the forward deployment of U.S. forces in South Korea and military aid to the puppets.

While accelerating implementation of a plan to modernize the equipment of the U.S. forces occupying South Korea, the U.S. imperialists have reorganized the organizational and command systems of troops, and have strengthened the firepower and mobility of the U.S. 2d Infantry Division according to a U.S. -South Korea joint defense plan, so they can mobilize their overall military capabilities for hostile activities at any moment. In particular, the U.S. imperialists have built a space tracking observation station in Taegu as part of the star wars plan. They have begun building a nuclear weapons storehouse on Mt Kyeryong. At the same time, they are positively forging ahead with a plan to build 36 nuclear weapons storehouses, called WS-3's, in Kunsan.

What we cannot overlook is that in connection with this, U.S. Defense Department spokesman professed that information on the storage of nuclear weapons and on conserving these weapons is not secret. This directly shows what a grave phase the maneuvers of the U.S. imperialists to provoke a nuclear war have reached.

While boisterously babbling everyday about the quick establishment of a wartime system and about the stockpiling of wartime materials, the Chon Tu-hwan puppet clique, under the instigation of the U.S. imperialists, has intensified an atmosphere of war throughout South Korea by staging an exercise for all-out wartime mobilization called the "Ulchi-86" exercise. The exercise began 14 July.

The U.S. imperialists and South Korean puppets' act of increasing military capabilities and their war commotion are criminal acts that run counter to peace, that cannot be compatible with dialogue, and that are a challenge to our sincere efforts to alleviate tension on the Korean peninsula and resolve problems through dialogue and negotiations.

The maneuvers of the U.S. imperialists and South Korean puppets to increase military capabilities and provoke a nuclear war will only make military confrontation on the Korean peninsula acute, will only heighten tension, and will only promote confrontation with strength. This is the situation. Nevertheless, while clamorously babbling about a nonexistent threat from someone, the U.S. imperialists and South Korean puppets are using tricks to wear the cap of peace themselves. However, this will convince no one.

Saying that the few years prior to 1988 are a critical time, [kobi], the U.S. imperialists have transferred missiles, destroyers, and helicopters to the South Korean puppets. They have recently transferred F-16 fighter bombers to the South Korean puppets for deployment and operation. This is necessary not for defense, but for an invasion of our republic.

According to an agreement reached at the annual security consultative meeting held in April this year, the U.S. imperialists are trying to deploy in South Korea new types of military hardware, such as Stinger and Red-Eye missiles, tanks, armored cars, rockets, and helicopters for offensive use, and even notorious binary chemical weapons, which have been unanimously rejected by the people of the world. Where is clearer evidence concerning the attempt of the U.S. imperialists and puppets to seek a war of northward invasion?

Because the U.S. imperialists and puppets have traversed the road of confrontation and war by refusing to accept our peace proposal, the situation in our country has developed on the verge of war, and multilateral dialogue, which is in a state of suspension, has faced the danger of rupture [kyolyol].

The U.S. imperialists and Chon Tu-hwan ring should carefully consider what consequence their reckless acts running counter to the alleviation of tension and to dialogue will produce, and should act discreetly.

Reagan 'Bellicose, Nuclear Maniac'

SK291040 Pyongyang KCNA in English 1017 GMT 29 Jul 86

[Text] Pyongyang July 29 (KCNA) -- NODONG SINMUN today denounces the U.S. imperialists for increasing the danger of nuclear war in South Korea under the cloak of "peace". Referring to the fact that the United States is now stepping up its plan to build 36 special nuclear depots in Kunsan, South Korea, a signed article of the paper says:

Owing to the adventurous nuclear policy of U.S. imperialism, the Korean peninsula has turned into a place where the danger of nuclear war is greatest in the world. Over 1,000 pieces of nuclear weapons of different kinds including nuclear bombs and shells and neutron weapons are deployed in South Korea, a major nuclear frontline base of U.S. imperialism.

The nuclear weapons shipped into South Korea by the U.S. imperialists are means of war to deliver a forestalling attack on our republic and other socialist countries. The U.S. imperialists have long prepared to use nuclear weapons in Korea. They worked out plans to drop nuclear bombs on our republic three times between 1950 and 1969.

Reagan, the most bellicose nuclear-maniac of the successive rulers of the United States, is getting over-heated to ignite a nuclear war in Korea, choosing the Korean peninsula for a breakthrough in it. South Korea where more than half of the U.S. nuclear weapons deployed in the whole of the Far East region are amassed has been turned into the biggest nuclear base in the Far East, no 1 nuclear base in the world, which is four times NATO in the density of nuclear deployment.

The U.S. imperialists are attempting to dominate the Korean peninsula, control the Asian Continent and, furthermore, realize their dream of world supremacy by igniting a nuclear war, a new war of aggression with South Korea as a forefront base. They should withdraw their troops and nuclear weapons from South Korea and give up nuclear war manoeuvres.

S. KOREAN 'HELL' UNFIT FOR ASIAN, OLYMPIC GAMES

SK311024 Pyongyang KCNA in English 1011 GMT 31 Jul 86

[Text] Pyongyang July 31 (KCNA) -- South Korea is unfit for any international sports games as it is always threatened with death and disaster. "Going to South Korea means going to hell", "Why should people go to the brothel to die?" and "One should refrain from such foolhardy acts as jumping into fire, carrying brushwood on one's back." This is what the world public says. This shows the horrible sight of South Korea where the Chon Tu-hwan puppet clique tries to host the Asian Games and the Olympiad for a sinister political purpose.

South Korea is a terrible land where AIDS called "worst satanic disease" and "disease of death" is prevalent. As of the end of last year South Korea recorded 4,400 sufferers of AIDS whose death rate is 100 percent. Their number explosively increased to 11,000 as of February this year.

In his survey data contributed to the South Korean paper CHOSON ILBO, a university professor in Seoul estimated the number of people infected with AIDS at over 600,000. AIDS sufferers are wandering about the streets in South Korea, spreading the disease. The Peruvian paper EL NUEVO DIARIO said the number of AIDS sufferers would increase in South Korea till 1988. "If the 24th Olympiad is held in South Korea, many sportsmen and tourists of the world can hardly escape death from AIDS", warned the paper.

Further, even smallpox whose disappearance the World Health Organization officially announced in the world is reported in South Korea where prevalent are Susukamushi disease which causes terror in Japan, Southeast Asia, Australia and other regions, epidemic hemorrhagic fever which the U.S. imperialist aggression forces spread through germ weapon tests, hepatitis and other diseases.

Pollution also endangers the lives of people in South Korea. The Pusan swimming bay set by the puppet clique for the site of the yacht race in the Asian Games is seriously contaminated by the daily inflow of 28 tons of waste water containing harmful heavy metals. The air above the marathon route is too seriously polluted for runners to have breathing during their training. The air pollution in Seoul is 3-4 times the international tolerance limits and pollution by solder and cadmium which cause general paralysis of the whole body is over 10 times that in Tokyo. The water pollution of the River Han, the source of service water in Seoul, is over 15 times the tolerance limits. It contains injurious materials which cause nerve centre paralysis, break down bones and endanger even the lives of people.

Worse still, the puppet clique and wicked manufacturers produce various kinds of canned goods containing caustic soda and hydrochloric acid, rejected foodstuff articles made of cowbones, soy containing chemical materials which may cause cancer and other harmful foodstuffs.

All these will be on sale as "luxury goods" for the international games. In South Korea there are more than 20,000 kinds of such foodstuffs. They cause various kinds of diseases among people, claiming even human lives.

OLYMPIC COHOSTING PLAN FAVORED BY WORLD OPINION

SK301145 Pyongyang Domestic Service in Korean 2149 GMT 29 Jul 86

[NODONG SINMUN 30 July commentary: "The Cohosting Proposal Enjoys Support From the World"]

[Text] In connection with the 24th Olympic Games, a broad range of public opinion from the world's political, social, and sports circles actively support our proposal for North-South cohosting of the games. Public opinion stresses that only this cohosting proposal can guarantee smooth functioning of the 24th Olympic Games, highly appraising our cohosting proposal as the most just and realistic proposal worthy of being viewed as important -- a proposal reflecting the unanimous aspirations and desire of the Korean people and conforming to the lofty ideals of the Olympic movement. Also, public opinion demands that the Olympic Games never be used as a camouflage for maneuvers to divide the nation and provoke a new war, and demands that our cohosting proposal be certainly realized to save the Olympic movement from crises and create a favorable atmosphere for the peaceful reunification of Korea.

The fact that our cohosting proposal connected with the 24th Olympic Games enjoys support from a wide range of world opinion proves the justness, reasonableness, and fairness of our proposal. This can be said to be the outcry of the world's conscience and reason, wishing to save the Olympic movement from crises, promote its normal development, and prevent the Olympic Games from being reduced to the prey of political intrigues. This support, about all, reflects a principled stand toward the question of the venue for the 24th Olympic Games.

Basically, due to incessant instability and disturbances from political, social, and military viewpoints dominating Seoul and the danger of war constantly prevailing there, Seoul is not a place that deserves to host the Olympic Games. This notwithstanding, the imperialists have mobilized all kinds of dirty means and methods to hold the Olympic Games in Seoul. This is because they seek the wicked political purpose of realizing their scheme to cook up two Koreas by embellishing South Korea, their colony, as an independent state and by inciting confrontation and enmity between the North and South.

It is obvious that participating in the Olympic Games to be held in South Korea, as sought by the imperialists, is tantamount to agreement with the U.S. occupation of South Korea and a boost to the U.S. policy of two Koreas. For this reason, many countries and sports organizations in the world are strongly opposed to holding the Olympic Games in Seoul. This means that the danger of a schism is being created in the Olympic movement.

The reason world opinion actively supports and sympathizes with our cohosting proposal is that the proposal has become the best way to save the Olympic movement from crises. As unanimously acknowledged by world opinion, our cohosting proposal will make it possible to help hold the Olympic Games smoothly and, at the same time, to create a favorable atmosphere for peacefully realizing the reunification of our country. The support of world public opinion for our cohosting proposal complies with this principled demand.

A document adopted at the second conference of ministers and high officials of physical education and sports of the nonaligned countries recently held in Pyongyang stated resolute and firm support for the proposal to cohost the 24th Olympic Games in Pyongyang and Seoul.

Andrey Gromyko, chairman of the Presidium of the USSR Supreme Soviet, stated that the Soviet Union supports the DPRK's proposal to host the 24th Olympic Games in North and South Korea.

The spokesman for the Chinese Olympic Committee stated that realization of the cohosting proposal would contribute to the independent and peaceful reunification of Korea.

A meeting of the liaison committee, -- which works to bring together American political parties supporting the independent and peaceful reunification of Korea, -- recently held in Cuba resolutely stated that holding the Olympic Games only in the South will not add to the just and legitimate aspirations of the Korean people for the independent and peaceful reunification of the Korean people for the independent and peaceful reunification of the country.

In their joint statement, Indian parliamentarians stressed that the cohosting proposal must be realized to save the Olympic movement from crisis and create a favorable phase for the peaceful reunification of Korea. Many countries have clarified that unless the cohosting proposal is realized, they will not attend the games, and they have demanded that, though it is late, the venue for the games must be moved elsewhere now.

This strong support of world public opinion for the proposal to cohost the Olympic Games is a grave warning against the unjust attempt of the imperialists and their lackeys to seize the 24th Olympic Games as prey in their dirty political intrigues.

Our cohosting proposal connected with the 24th Olympic Games must be realized without fail. If our cohosting proposal is realized, all countries in the world -- including those countries who have so far rejected holding the Olympic Games in Seoul -- will participate in the 24th Olympic Games, and the Olympic movement will be saved from shism.

Also, it is obvious that if North and South Korea cohost the Olympic Games, distrust and misunderstanding between the North and South will be removed, national rapprochement and unity will be achieved, and favorable results will be achieved in pressing ahead with North-South dialogue.

We have already made clear that, in case North and South Korea cohost the 24th Olympic Games, we will provide excellent sports facilities for all kinds of games to be held in Pyongyang, we will warmly welcome all guests, including the players, staff members, reporters, and tourists who will come to Pyongyang, and we will extend all conveniences to them.

If the imperialists and their lackeys opt for not cohosting, but for creating a certain state of subordination [chongsok sangtae] by inflicting these or those limits on our fair proposal while slandering it, they will be plunged into a grave predicament and the international Olympic movement will be confronted by a serious and irretrievable crisis.

We expect that the governments and peoples of all peace-loving countries in the world will make active efforts to realize our proposal to cohost the Olympic Games.

CHANGSONG SETS GOOD EXAMPLE FOR LOCAL ECONOMIES

SK300756 Pyongyang Domestic Service in Korean 2138 GMT 29 Jul 86

[NODONG SINMUN 30 July editorial: "Let Us Develop the Local Economy as in Changsong County"]

[Text] Twenty-five years have passed since the great leader Comrade Kim Il-song taught the conference of guidance functionaries of Changsong County and its livestock farming functionaries how to epochally improve the people's living standards in mountainous areas. On 30 July 1961 at the Changsong County conference of guidance functionaries and livestock farming functionaries, the great leader elucidated the specific tasks and ways to develop the local economy, including how to actively develop livestock farming, and how to develop the local economy with raw materials produced in the mountainous areas, and thus increase the production of foodstuffs and people's consumer goods by Changsong County, which is located in the mountainous areas. After providing a firm guiding principle for improving the people's living standards in the mountainous areas, the great leader Comrade Kim Il-song gave much on-the-spot guidance in various parts of Changsong County and wisely led the development of agriculture and livestock farming and consolidation of the local industrial bases as well as properly managing the county seat as a base to link the urban and rural areas.

Thanks to the wise leadership of the great leader Comrade Kim Il-song and the active guidance of the party, over the past 25 years Changsong County has set excellent examples in developing the local economy and improving the people's living standards and epochal changes have been effected in the living of the people in the country.

In the county, several dozen local industrial plants, including food processing, chemical, and furniture plants, have been built, thus properly meeting the people's demands for foodstuffs and people's consumer goods and supplying some people's consumer goods, including paper and chemical industry products, to other areas. The county has rapidly developed livestock farming for such plant-eating domestic animals as cattle, sheep, goat, and rabbits. As a result, livestock production has increased and, with these products as raw materials, a local industrial base has been firmly established. At the same time, sterile land has become fertile, thus increasing grain production.

In the past, Changsong County depended on other counties to solve its food problems. But it is now producing some surplus foodstuffs for other areas after supporting itself with its own foodstuff production. Thus, Changsong County, which was once known as the place where people could not live, has now become a people's paradise which has no envy toward the villages in the urban and plains areas. In particular, in recent years Changsong County, by highly displaying the revolutionary spirit of self-reliance and arduous struggle, has won proud successes in further developing local industry and epochally improving the people's standard of living. Local industrial plants have stabilized production at a high level by guaranteeing full operation, and the appearance of the county seat has remarkably changed through vigorous construction. All these successes that Changsong County has won in developing the local economy and improving the people's living standards are excellent examples that should be followed by all other counties.

The great leader Comrade Kim Il-song has taught that by relying on the existing foundations, all counties should develop local industry to an even higher stage.

Our party's unchanging demand is to develop local economy and improve the people's living standards by exploiting the mountains in the mountainous areas and exploiting the seas in the coastal areas. The people of Changsong County have actively utilized the resources produced in the mountain areas, thus developing the local economy and epochally improving the people's living standards. The functionaries of all other counties should follow the examples set by Changsong County and develop the local economy by exploiting the mountains in the mountainous areas and the seas in the coastal areas.

The key is that Changsong County has stabilized production of the local industrial plants at a high level by properly utilizing the geographical conditions of the mountainous areas and increased local industrial production through the independent solution of raw materials. All counties should develop local industries by independently solving the problems of raw materials and strengthening the raw material production bases. By so doing, they should independently meet the demands of the people in the counties for foodstuffs and people's consumer goods.

The important experience of Changsong County is that it has fully mobilized and utilized all hidden potentials and possibilities in the county, thus ceaselessly expanding its local industrial bases and vigorously struggling to modernize them.

Over the past period, Changsong County has built numerous local industrial plants. In particular, recently it newly built a caustic soda production base, glass bottle production base, beer and soft drinks production base, and lumber processing base, thus further modernizing its local industry and establishing foundations to increase the variety of goods. In so doing, Changsong County has received no support from other areas or large plants and enterprises. It has only actively mobilized and utilized its own hidden potentials and depended on its own technology.

The functionaries responsible for development of the local economy as well as for the people's livelihood should follow the examples set by Changsong County. They should possess the firm fighting spirit to accomplish their task independently, work out specific measures to increase the variety of people's consumer goods, and implement them one-by-one. By so doing, they should continue to place great emphasis on developing the local economy.

For development of the local economy as well as for improvement of the people's living standards, it is important to properly organize the county seats. The experience of Changsong County shows that the county seats can be independently and properly organized if a cement production base is independently established and if modern construction equipment and building materials are independently provided. All counties in the country should follow the examples of Changsong County and highly display the revolutionary spirit of self-reliance and arduous struggle, thus strengthening the building material production bases in accordance with their situations and accelerating the modernization of construction work. By so doing, they should organize the county seats as the bases of politics, economy, and culture.

In developing the local economy and improving the people's standard of living epochally, it is important to enhance the function and roles of the county party committees. In developing local industry, the functionaries of the Changsong County party committee have taken the lead. They have actively mobilized party organizations and the broad masses by highly arousing their self-conscious enthusiasm and creativities. Functionaries of the county party committees should realize that they are responsible for developing local industry as well as for increasing the production of people's consumer goods by following the examples of Changsong County.

By so doing, they should further intensify party guidance over economic construction in the local areas. The functionaries of all counties should ensure full operation of the local industrial plants, further strengthen the local industrial foundations in conformity with the growing demand of the people, and place even greater efforts on the struggle to increase production of people's consumer goods. By so doing, they should develop local industry to an even higher stage. At the same time, they should even more properly meet the growing demand of the people for people's consumer goods and foodstuffs by the independent efforts of their counties. In so doing, they should thoroughly respond to the party's call to improve the people's standard of living epochally.

KPA NAVY FLOTILLA ENDS VISIT TO VLADIVOSTOK

Seen Off 29 Jul

SK010520 Pyongyang Domestic Service in Korean 1200 GMT 30 Jul 86

[Text] The KPA naval flotilla which made a goodwill visit to the Soviet port of Vladivostok to mark the 25th anniversary of the signing of the Korean-Soviet Treaty of Friendship, Cooperation, and Mutual Assistance, left Vladivostok yesterday after the successful completion of the visit.

Admiral Vladimir Sidorov, commander of the Soviet Red Banner Pacific Fleet; functionaries concerned, including the chairman of the Executive Committee of the People's Soviet of Primorskiy Kray and the first secretary of the Vladivostok CPSU City Committee; and many other citizens and soldiers saw off the KPA naval flotilla.

Earlier, on 28 July members of the KPA naval flotilla inspected naval ships of the Soviet Red Banner Pacific Fleet and visited a Soviet marine unit. On the same day, Vice Admiral Kim Il-chol attended a function to confer the medal of Lenin on Vladivostok and visited the Pacific Navy University named after (Nakalov).

Yesterday, members of the KPA naval flotilla toured the juvenile palace and other plants and enterprises in the city.

The art propaganda troupe of the KPA Navy gave art performances at Soviet naval units on 27 and 28 July.

Returns 30 Jul

SK312251 Pyongyang KCNA in English 1513 GMT 31 Jul 86

[Text] Pyongyang July 31 (KCNA) -- The flotilla of the Navy of the Korean People's Army led by Senior Vice Admiral Kim Il-chol, commander of the KPA Navy, returned home Wednesday after paying a goodwill visit to the Soviet Union on the occasion of the 25th anniversary of the signing of the Korean-Soviet Treaty of Friendship, Cooperation and Mutual Assistance. The KPA Navy art propaganda group also returned home together with the flotilla.

U.S. PRESSURE TO INCREASE VALUE OF WON REBUFFED

ROK: No 'Artificial Adjustments'

SK010134 Seoul YONHAP in English 0113 GMT 1 Aug 86

[Text] Seoul, Aug. 1 (YONHAP) -- The South Korean Government will not make any "artificial adjustments" in the current exchange rate between the Korean won and the U.S. dollar, a government source said Friday. The government has not yet received an official offer from Washington to open negotiations concerning the appreciation of the won against the greenback, the source said. There will be no "artificial change" in the current floating rate multi-currency basket system, even if Washington makes an official proposal to hold currency talks, the source added.

Under the present system, the value of the won fluctuates in accordance with the weights of the five major international currencies -- the U.S. dollar, the British pound, the West German Mark, the Japanese yen and the French franc. Kim Kyong-won, Korean ambassador to Washington, met earlier in the week with U.S. Treasury Department officials to discuss the matter. He reportedly explained in detail Korea's current floating exchange rate system to the U.S. officials, according to the source. Without making a special adjustments, the won will rise gradually in value against the dollar in the second half of the year, to the point where the real strength of the won is fully reflected, and Washington will have to understand this, the source said.

KNP Urges U.S. To Withdraw Plan

SK010406 Seoul YONHAP in English 0319 GMT 1 Aug 86

[Text] Seoul, Aug. 1 (YONHAP) -- The Korea National Party (KNP) Friday urged the U.S. Government to revoke its official proposal for the appreciation of won currency. In a statement, the minor opposition party said that U.S. Government's request that Korea raise the value of the won against the U.S. dollar is "open pressure." Applying the pressure on Korea, the United States did not consider the difficult economic situation facing Korea, it said. In an effort to reduce its huge trade deficit, the United States recently began negotiating with Korean and Taiwanese officials to explore the possibility of letting their respective currencies appreciate against the greenback. The U.S. move met strong opposition in Korea from political parties, business circles, and the media, but the government has kept mum on the issue.

ROK TO IGNORE U.S. PRESSURE FOR BEEF IMPORTS

SK010055 Seoul THE KOREA HERALD in English 1 Aug 86 p 1

[Text] Minister of Agriculture and Fisheries Hwang In-song said yesterday that the government will not comply with the U.S. pressure to import beef until the domestic beef price stabilizes.

Hwang said that he predicts the United States will put pressure on the nation regarding beef importation in the face of the 1988 Olympics in Seoul.

Hwang was discussing the current trade issue between Korea and the United States with lawmakers of the ruling Democratic Justice Party in a policy coordination session at the party headquarters.

Minister of Finance Chong In-yong and Vice Minister of Economic Planning Board Mun Hui-kab were present at the meeting.

Also on hand from the party were Change Sung-man, chairman of the policy committee, and Na U-pae, director of the Policy Coordination Committee.

In addition to the beef, Hwang said the government made it clear to the U.S. Government that Korea will not import orange and frozen potatoes, whose purchase the United States is demanding.

Meanwhile, Vice EPB Minister Mun said the government is preparing measures to counter additional U.S. pressure for market opening which is expected during the U.S. election period.

He said there has so far been no "formal" U.S. request that Korea appreciate its own currency or take more market-opening measures.

Some reports have said Washington would soon begin talks with the Seoul Government to seek the appreciation of the Korean currency in an effort to reduce growing U.S. trade deficit with Korea.

In the meantime, Finance Minister Chong said the government is not considering allowing foreign cigarette manufacturers to produce cigarette here in future joint ventures.

CULTURE MINISTER ON OLYMPICS, JAPANESE TEXT BOOK

SK310114 Seoul THE KOREA HERALD in English 31 Jul 86 p 1

[Text] Tokyo (YONHAP) -- Korean Minister of Culture and Information Yi Won-hong Tuesday urged Japan to show sincerity in correcting distorted description of facts in a Japanese history textbook.

"Korea and Japan alike should have a regard for each other's self-respect," Yi said, referring to recent abusive remarks by the Japanese education minister on its invasions of Asian nations.

Japanese Education Minister Masayuki Fujio reportedly told a news conference Friday that "the guys who complain of Japan's history textbook should first look back if they had not committed such a thing (invasions) in their history."

Minister Yi made the points in an interview with Rayzo Uakawa, managing editor of the Japanese MAINICHI SHIMBUN, at his office Monday. The story was carried in the daily Tuesday.

Yi also made clear that in hosting the 1988 Seoul Olympics, Seoul would not make further concessions to Pyongyang beyond an arbitration proposal made by the International Olympic Committee (IOC).

IOC President Juan Samaranch proposed June 11 that table tennis, archery, one group in the soccer competition and the start of the 100km cycle road race be given to Pyongyang.

Touching on the Pyongyang's recent proposal for three-way military talks of defense ministers, Yi termed it as part of its well-disguised peace offensive.

Military issues constitute highly sophisticated political ones and should be taken up in a meeting between top authorities of Seoul and Pyongyang which Seoul has consistently called for, he said.

REGIME TO WITHDRAW INDICTMENTS OF NKDP LAWMAKERS

SK010011 Seoul THE KOREA TIMES in English 1 Aug 86 p 1

[Text] The government will withdraw the indictments of seven opposition lawmakers charged with acts of violence at the National Assembly last year, a leading official of the ruling party said yesterday.

Rep. Chong Sun-tok, secretary general of the Democratic Justice Party, said that the prosecution is expected to drop the indictments against the lawmakers of the New Korea Democratic Party next week to solve one of the major political issues of today.

He told reporters that the NKDP lawmakers' case should be settled "clearly" at this time when the ruling and opposition parties are trying to seek a "grand compromise" for constitutional amendment.

"There may be an opposition against the withdrawal of the indictments among prosecutors, but it will be possible on the premise of a political solution," he said.

Earlier in the day, Assembly Speaker Yi Chae-hyong asked the government to drop legal actions against the NKDP lawmakers, who were prosecuted for their acts in the course of protesting the DJP's unilateral passage of this year's budget bill.

The head of legislature made the request in a luncheon meeting with Prime Minister No Sin-yong, which he hosted at the Lotte Hotel.

The indicted NKDP lawmakers are Kim Yong-pae, Chang Ki-u, Yi Chol, Kim Chong-kil, Kim Tae-yong, Kim Tong-chu and Sin Sun-pom. The first five are members of the special House Committee on Constitutional Amendment.

The DJP secretary general also said that political detainees would be released on a gradual basis as it is impossible for the government to free everyone at once due to legal procedures.

"Prisoners detained in connection with the political situation number about 800. At present, 230 of them have been convicted and others are in various stages of prosecution," he revealed.

"Some 90 of the convicts, who have served more than half of their prison terms, are expected to be paroled on the Aug. 15 Liberation Day," he said.

He further said he expected that the government would speed up on-going investigations of political detainees and their trials as it may help the work of parties in rewriting the basic law.

CONSTITUTION COMMITTEE BEGINS WORK 30 JUL

SK310135 Seoul THE KOREA TIMES in English 31 Jul 86 p 1

[Text] The National Assembly embarked on the historical work of rewriting the Constitution on the basis of partisan agreement by formally inaugurating its Special Committee on Constitutional Amendment yesterday.

The projected amendment, if realized, will be the ninth since the establishment of the Republic. The current basic law was revised in October, 1980 on the eve of the inauguration of the present Fifth Republic.

But, the rival members of the ad hoc panel are expected to confront with each other from the very beginning of their work as they are at odds over the panel's operational matters as well as the question of power structure.

The House panel, composed of 45 members evenly shared by the ruling and opposition camps excluding the chairman, held its first meeting at a conference room of the Assembly, and elected Rep. Chae Mun-sik of the Democratic Justice Party chairman. The panel members also elected without a vote five assistant chairmen as designated by each party. They are Reps. Yun Kil-chung and Yi Chi-ho from the DJP, Yi-Chung-chae and Kim Su-han from the New Korea Democratic Party and Sin Chol-kyun from the second opposition Korea National Party.

Following the first session, Chairman Chae and the five assistant chairmen held a meeting to discuss panel procedures. They agreed to hold the next full sessions of the panel tomorrow, Aug. 7 and 8, and to operate the body under a unanimous system. They also decided to set up three sub-committees on basic rights, power structure and economy and social affairs. They decided to discuss later the schedules for the public hearings the panel plans to hold to hear public opinions on the revision in major cities.

The panel set sail 36 days after the parties unanimously resolved to create it on June 24 after a series of negotiations among party leaders. The formation of the panel was first demanded by the NDP, which presented a resolution calling for its formation in May last year. The ad hoc panel has set a goal of achieving a compromised version by settling the crucial question of how to choose the form of government for the new Constitution by Sept. 20, the initial deadline for its activity. But, the activity of the panel is sure to be loose until after Aug. 20 by which time the DJP promises to present its own draft amendment.

The opposition NDP and KNP have already confirmed their respective draft revision bills featuring the presidential government system based on the direct election of the president as the form of the government. The two parties will submit their bills shortly to the panel. Against the opposition bloc's choice of the presidential system, the ruling party has virtually selected the parliamentary cabinet system, heralding rough sailing for the panel. Therefore, signs are that rival parties will seek compromise through behind-the-scenes negotiations among their leading figures in the long run rather than in the panel. They have already agreed, in principle, to hold diverse talks among their leading officials such as secretaries general, floor leaders, and chief policy-makers who are not members of the panel, when the panel faces a deadlock. Currently, no party has the floor force to pass an amendment alone. None of the three parties has two-thirds of the total House seats (276) required for the passage of a constitutional amendment.

Chairman of the panel, Rep. Chae said, "Now, we have assumed the most difficult work at the most difficult time. We should achieve, without fail, the amendment through agreement, the great task given to us, through dialogues, patience and negotiations." He asked the panel members "to meet the people's wish to see no no more political confusion." He said that there is no way but resort to a vote showdown when the parties fail to reach an accord. "But, I am convinced that seeking a compromised version on the basis of mutual concessions is more democratic way than a vote showdown," he stressed.

SPK HAILS GORBACHEV'S VLADIVOSTOK SPEECH

OW010113 Phnom Penh SPK in English 1140 GMT 31 Jul 86

[Text] Phnom Penh SPK July 31 -- The Kampuchean people, together with other peace-and-justice loving people throughout the world warmly welcome Soviet leader M. Gorbachev's speech at Vladivostok as another vivid expression of the Soviet Union's deep concern for the destiny of mankind. As pointed by Mikhail Gorbachev, general secretary of the Communist Party of the Soviet Union, that the nuclear war would not be a simple confrontation between the two blocs, it would expose human civilization to extermination. His proposal for convening a Helsinki-type conference among Asian and Pacific states has entirely conformed to the aspirations of the three peoples on the Indochinese peninsula in general and the People's Republic of Kampuchea in particular.

On the question of Kampuchea, the Soviet leader pointed out that the Kampuchean people have suffered enormous losses; that this country as well as its cities and villages were repeatedly subjected to U.S. bombings. After untold sufferings, he added, Kampuchea has regained its right to choose friends and allies for itself. Kampuchea cannot be allowed to return to the tragic past; and the fate and future of this country cannot be decided at any remote capital or even at the United Nations. M. Gorbachev also declared the Soviet Union's determination to further strengthen its friendship with Kampuchea.

As clearly expressed at the foreign ministers' 10th semi-annual conference the three Indochinese countries are willing to foster the relation of good neighbourliness with Thailand, thus turning the Kampuchean-Thai and Lao-Thai borders into borders of peace and friendship, and solving the problems concerning their relations with Thailand through negotiations. The 11th Indochinese foreign ministerial conference pointed to the three Indochinese countries' principled and well-meaning position in regard to their relations with the People's Republic of China, saying that the time has come for the resumption of the China-Vietnam talks on the normalization of the relations between the two countries as time and again proposed by the Vietnamese side. The restoration of the relations of friendship and cooperation between Vietnam, Laos and Kampuchea on the one hand, and China on the other, would constitute an exemplary important factor to ensure peace and stability in Southeast Asia and in Asia as a whole.

The Kampuchean people sincerely thank the Soviet Union for its unswerving support and wholehearted assistance and will do their best to join the Soviet Union in her noble efforts to ensure stability, peace, friendship and cooperation in Asia, Pacific and the world over.

GRENADE ATTACK ON SRV OFFICERS IN PHNOM PENH

BK010032 (Clandestine) Voice of the National Army of Democratic Kampuchea in Cambodian 2315 GMT 31 Jul 86

[From the "Report From Various Battelfields" feature]

[Excerpt] Phnom Penh battlefield: At 2000 [1300 GMT] on 15 July, our guerrillas in Phnom Penh, in cooperation with the Cambodian security force's men who have been forced to serve the Vietnamese enemies and our people in Phnom Penh, lobbed hand grenades at a group of Vietnamese commanders in an area west of Kirirom movie theater in Phnom Penh, killing 12 Vietnamese -- including 1 captain and 2 lieutenants -- and seriously wounding 4 Vietnamese experts attached to Phnom Penh.

Following our grenade attack, the situation in Phnom Penh became chaotic. The Vietnamese enemies were in great panic and imposed a state of emergency, banning traffic from that night until 18 July. [passage omitted]

VODK CLAIMS INCREASED PENETRATION OF PHNOM PENH

BK311300 (Clandestine) Voice of Democratic Kampuchea in Cambodian 2330 GMT 29 Jul 86

[Station commentary: "Our National Army Has Expanded Its Combat Activities to the Southern Part of Phnom Penh"]

[Text] At the beginning of July 1986, the sound of gunfire by our Democratic Kampuchean National Army broke out loudly and simultaneously in the southern part of Phnom Penh city.

On 10 July, our National Army liberated and took control of Chhung Leap township, 9 km south of Ta Khmau town. We killed 20 Vietnamese enemies on the spot, and wounded 10 others; destroyed 21 assorted weapons and 24 motorboats; and seized a large quantity of weapons and materiel. On 14 July, our National Army attacked and destroyed a Vietnamese platoon position at Prek Ho along route 2, 2 km south of Ta Khmau town. We killed or wounded 14 Vietnamese enemies, destroyed 7 assorted weapons, and seized a quantity of ammunition and war materiel. On 15 July, our National Army attacked and destroyed a Vietnamese platoon position at Boeng Toek Chou, 7 km south of Ta Khmau town, on the west bank of the Basak River, in S'ang District [Kandal Province]. We killed 8 Vietnamese enemies and wounded 13 others; destroyed 8 weapons; and seized 4 weapons, 9 motor boats, and some ammunition and war materiel.

These are new brilliant victories we won in this rainy season. They constitute a new development in the military situation on the Cambodian battlefield.

The battlefield around Phnom Penh has now been widely expanded. Since the 1984-85 dry season, our compulsory forces have launched their activities systematically in Muk Kampul, Ponhea Loe, Udong, Ang Snuol, and Kandal Stoeng districts, which are adjacent to Phnom Penh's northern, northwestern, and southwestern parts. Later, our National Army crossed the Mekong River to launch activities in Kaoh Sotin and Sithor Kandal Districts in the northeastern and eastern parts of Phnom Penh. In July, the gunfire of our National Army began to explode in S'ang and Kandal Stoeng districts in the southern part of Phnom Penh. Thus, by the beginning of this eighth rainy season, the battlefields around Phnom Penh had been expanded widely. The fact that the areas around Phnom Penh have become battlefields is favorable to our struggle in both the political and military fields. This is because:

1. The Vietnamese aggressors' administration in Phnom Penh and other areas throughout the country have been shaken and become more chaotic and desperate. This is because the Vietnamese aggressors' administrators have realized that the Hanoi authorities' war of aggression in Cambodia will certainly be lost.
2. Our people and National Army throughout the country have been greatly encouraged by this. All of them have thus fought more vigorously against the Vietnamese aggressors. This will speed up our struggle more progressively. Our friends in the world and the peace- and justice-loving forces in the world which support our struggle have been satisfied with and applauded this progress and jointly support us even more enthusiastically.
3. This development has laid bare the true nature of the Vietnamese propaganda and deceitful maneuvers about their taking full control of Cambodia and the irreversibility of the Cambodian situation.

4. Our regular and widespread activities in the areas around Phnom Penh will draw more Vietnamese troops from elsewhere to protect Phnom Penh, thus leaving their weak points in other areas for our National Army to attack easily.

For this reason, the battlefields around Phnom Penh are of great significance militarily and politically. This is why our people and the National Army throughout the country are very happy to hear the recent gunfire in the southern part of Phnom Penh.

Our National Army and people throughout the country wish our National Army units on the battlefields south of Phnom Penh as well as all our National Army units on all battlefields around Phnom Penh new and greater victories and good health in continuing their noble mission more effectively to help quickly liberate our beloved fatherland from the Vietnamese aggressors.

VONADK CLAIMS GRENADE ATTACKS IN BATTAMBANG TOWN

BK300200 (Clandestine) Voice of the National Army of Democratic Kampuchea in Cambodian 2315 GMT 29 Jul 86

[From the "Report From Various Battlefields" feature]

[Excerpt] Battambang battlefield: On the night of 22 July, our National Army lobbed grenades into the 7 January movie hall in Battambang town, killing 6 and wounding 20 Vietnamese soldiers. On the same night, our National Army lobbed grenades into the 13 January movie hall at the end of the old stone bridge in Battambang town, killing two and wounding some other Vietnamese soldiers. On the night of 23 July, we again lobbed grenades into the same movie hall at the end of the old stone bridge, killing two -- a provincial official and a policeman -- and wounding seven Vietnamese soldiers. In sum, during the three incidents, we killed 10 and wounded 27 Vietnamese enemy soldiers for a total of 37 casualties. [passage omitted]

SIHANOUK INTERVIEWED BY XINHUA 27 JUL

BK311049 (Clandestine) Voice of Democratic Kampuchea in Cambodian 2330 GMT 29 Jul 86

[Text] Samdech Norodom Sihanouk, president of Democratic Kampuchea, made a written statement and granted an executive interview to a XINHUA correspondent in Beijing on 27 July. On that occasion, the samdech said that it is and will be the duty of the CGDK to continue to strengthen national unity and determination to fight against the Vietnamese aggressors until the end, without thought of retreat. Intensifying combat activities on the battlefield will be the only way of forcing Vietnam to agree to resolve the Cambodian problem in accordance with the just resolutions of the United Nations on Cambodia and with the 8-point proposal of the CGDK.

Concerning the CGDK's 8-point proposal for a political settlement of the Cambodian problem, the samdech said that a large number of heads of state, heads of government, and foreign ministers of friendly countries have applauded it. They realized that the proposal attests to our CGDK's good will and great wisdom and regarded it as being a realistic base for settling the Cambodian problem.

Concerning the situation inside the country, the samdech said it has become more favorable to the armed forces of the tripartite coalition government. More soldiers of the Heng Samrin puppet army have deserted their ranks and fled to join the CGDK's resistance forces.

Concerning the cooperation among the three factions of the CGDK, the samdech said the armed forces of the three factions have had greater trust in each other, increased military cooperation more effectively, and helped each other as blood brothers. For example, when the samdech's army was short of ammunition or had a wounded soldier, the DK forces would help by giving it ammunition and medically treating the wounded soldier.

KHIEU SAMPHAN ENDS VISIT TO ZAMBIA 24 JUL

BK291013 (Clandestine) Voice of the National Army of Democratic Kampuchea in Cambodian 2315 GMT 28 Jul 86

[Text] Vice President in Charge of Foreign Affairs Khieu Samphan and his delegation left Lusaka for home on the morning of 24 July. His Excellency Sianga, minister of state for foreign affairs of the Republic of Zambia, and a number of other Zambian personalities turned up at Lusaka airport to see the vice president and his delegation off.

On 23 July, his Excellency Sianga organized a cordial party on behalf of the Zambian Government in honor of the vice president and his delegation.

During its stay in Zambia, the delegation visited the residence where President Kenneth Kaunda lived from 1960 to 1962 when he led the Zambian people in the struggle for national emancipation. It also visited other places. Wherever Vice President Khieu Samphan and his delegation went, they were warmly welcomed by the people there.

During the farewell at Lusaka airport, his Excellency Sianga reaffirmed Zambia's opposition to outside interference in another country and demanded that foreign troops withdraw from Cambodia to allow the Cambodian people to determine their own destiny.

Vice President Khieu Samphan expressed deep thanks to the Zambian people and government for their profound feeling of friendship and solidarity. He wished the Zambian people more successes in national defense and construction under his Excellency President Kenneth Kaunda's leadership.

VARIOUS GROUPS STUDY DRAFT POLITICAL REPORT

Government Offices, Localities

BK311337 Vientiane Domestic Service in Lao 0000 GMT 25 Jul 86

[Text] So far, many ministries, departments, and localities have completed the important political life campaigns to contribute views to the party Central Committee's draft political report, which will be presented to the forthcoming Fourth Party Congress. In the meantime, several other services are still studying this report in earnest, for example the Ministry of Public Health, the State Planning Committee, Paklai District in Sayaboury Province, Na Le District in Luang Namtha Province, Soukhouma District in Champassak Province, and several localities in Savannakhet Province.

In engaging in these political life campaigns, cadres, state employees, and people of all tribes have come to understand the victories and achievements scored in many fields by our entire party and people over the past 10 years. They have also come to realize and acknowledge certain weaknesses, remaining problems, and experiences drawn from their work in the past and turned them into important lessons for fulfilling the tasks in the near future. During the study sessions, all participants have profoundly appreciated and unanimously approved the draft political report. As a result, they have become more determined to raise the standard of their knowledge and capabilities, to consolidate their attitudes, to heighten a sense of vigilance, and to clearly identify friends and foes in order to help fulfill the tasks of defending and building our socialist country.

Mass Debates

BK311420 Vientiane KPL in English 0912 GMT 25 Jul 86

[Text] Vientiane, July 25 (KPL) -- Mass debates over the draft of the political report to be released at the forthcoming 4th Party Congress are being carried out throughout the country. In accordance with the instructions issued earlier by the Secretariat of the LPRP CC, the whole party, Army and people were recommended to give their opinion on the strategic political line of the party, to deeply study and formulate propositions to the draft of the party's political report. Many state institutions and mass organizations had already positively responded to the party Secretariat's instructions. At present, debates over the draft are being in action at the Ministry of Public Health, the State Planning Committee, as well as in remote provinces. Debates were organized by the authoritative bodies of various institutions and organs concerned.

Air Force Units

BK311418 Vientiane Domestic Service in Lao 0430 GMT 21 Jul 86

[Text] To promote a political life campaign among all members of all units, on 27 and 28 June 1986, many offices and units under the Air Force command organized sessions to study the draft political report of the party Central Committee. The sessions were successfully concluded. After studying the contents of the political report, the participants profoundly appreciated the achievements scored by our people in the past 10 years, the immediate and long-term economic construction policy of our party, the direction of the national defense and public security tasks among the masses, the changing developments in the world at present and in the future, and the orientation of building the party in the new period of the revolution.

They came to understand new phenomena on the reality of the socialist transformation and construction in our country and pledged to resolutely fulfill the plans outlined in the draft political report of the party Central Committee.

Army Schools

BK311335 Vientiane Domestic Service in Lao 0430 GMT 28 Jul 86

[Text] On the morning of 11 July, the ideological training school of the Army General Political Department organized a session to study the documents on the draft political report of the party Central Committee. Attending were the directors of the ideological training school, the language training school, the specialized subjects training school, and all cadres, teachers, and students of these schools.

The study session lasted 5 days. After engaging in the study, the cadres and combatants at these schools came to understand the outstanding achievements scored by our people in the past 10 years in defending the building the country and helping to implement the first 5-year state plan. At the same time, they also came to more clearly understand the immediate orientation and tasks of the second 5-year state plan. On the closing day of the study session, the schools also launched an emulation campaign among themselves to profoundly study politics; to clearly identify friends and foes; to strive to carry out specialized work in a brilliant manner; to forge unity within the unit, among all units, and between the army and people; to forge solidarity with the international community; to especially raise the role of leading and consolidating cadres; and to build the schools in all fields to score great achievements to welcome the forthcoming fourth party congress.

Military School Womens Union

BK311324 Vientiane Domestic Service in Lao 0430 GMT 28 Jul 86

[Text] According to a report, on 2 July the committee of the women's union of the intermediate and advanced combined army officers training school, led by its chairwoman, organized a session to study the documents on the contents of the "3-Good and 2-Duty Campaign." The regulations of the Federation of Lao Women's Unions, the speech of Comrade General Secretary Kaysone Phomvihane delivered at the first national congress of Lao women, and the draft political report of the party Central Committee, aimed at allowing its members to thoroughly appreciate the party's policies and political line.

The study session was divided into two parts with each part taking 4 full days and with more than 170 members attending. After engaging in the study, each member reviewed her own fundamental good and weak points in order to outline new determination to assume the new tasks entrusted by the party and state and to translate into reality the second 5-year state plan.

UKRIT ANNOUNCES 6 PARTIES TO SUPPORT PREM

BK010211 Bangkok THE NATION in English 1 Aug 86 pp 1, 2

[Text] Six political parties commanding a total of 266 newly-elected MPs have submitted in writing their decisions to back Gen Prem Tinsulanon to head a new coalition government, Parliament President Ukrit Monkonnawin announced last night.

The six parties were the Democrats, Chat Thai, Social Action [SAP], Ratsadon, Ruam Thai and Community Action [CAP] parties.

Ukrit said since the six parties command an overwhelming majority in the House, he will seek royal approval for the appointment of Gen Prem as prime minister.

The parties described Gen Prem as being "neutral and the most suitable person" to head the new coalition government under the present circumstances. They pledged their cooperation with Gen Prem in forming the new coalition government.

Informed sources said that although six parties have submitted their supportive decisions for Gen Prem, the coalition may not include all of them. So far, four parties (without Ruam Thai and Community Action) have agreed to form the new coalition.

Ruam Thai is under Narong Wongwan while CAP is headed by Bunchu Rotchanasathian.

The announcement coincided with the return of Gen Prem from his Khorat retreat last night amidst speculations that a royal command to convene the new House is forthcoming.

Political observers also expected the official appointment of Gen Prem to come about soon after the House opening.

The support for Gen Prem was not a surprise so far as Democrat, Chat Thai, SAP and Ratsadon are concerned. Political strategists have mapped out the new coalition formula which comprises the four parties.

The MPs under the Democrat banner total 100 while those for Chat Thai, SAP and Ratsadon amount to 63, 51 and 18 respectively. Ruam Thai has 19 MPs under control while 15 others were elected under the ticket of the Community Action Party.

The decision submitted by the Democrat Party said that with 100 MPs under its control, the party would serve as the core to form the new coalition and after having consulted with SAP and Chat Thai, the party agreed that Gen Prem was the most suitable, and neutral man to lead the new coalition.

Earlier, the Democrat Party resolved in a party meeting to back Gen Prem and sent an official note to Ukrit, spelling out its support for the premier.

The note, however, reiterated that the Democrat Party with 100 MPs under its control should be the core of the new coalition government in the making. Chat Thai and Social Action had earlier nominated in writing Gen Prem as prime minister in their notes to Ukrit.

The resolution came after about two hours and a half of heated debate on the question.

Former Ubon Ratchathani MP of the Democrat Party Suthat Ngoenmun told THE NATION the date for the first session of the House is expected to fall on Monday.

Political observers dismissed speculations that Gen Prem would be officially appointed very soon before the first session of the House because it would go against the traditional practice.

HM the King has to preside over the ceremony to open the new House.

"But I think, that it is possible that the royal command to set the date for the first session of the new House is forthcoming since it appears to me that all is ready for the appointment of Gen Prem, a step that should follow the House opening," one well-informed observer commented.

Democrat, Chat Thai, Social Action and Ratsadon have agreed to form a coalition government on the condition that Gen Prem will be at its helm.

The Democrats were apparently the most reluctant party to go along with the terms but decided to follow suit after a meeting of party executives at party leader Phichai Rattakun's Yaowarat office Wednesday night and the party meeting yesterday.

Informed sources said that during the heated party debate on the premiership question, Bangkok MP Chalot Worachit, Buriram MP Karun Saingam and former Ubon Ratchathani MP Suthat Ngoenmun were the most vocal opponents to the party's backing for Gen Prem. They insisted that the party should back Phichai as prime minister.

Party Secretary General Wira Musikaphong however argued that the party must be realistic enough to back Gen Prem.

After the bitter debate, 89 MPs voted for the resolution to back Gen Prem while Chalot votes against it.

Informed sources said that the Democrat leadership had been told to give a reply on the question Wednesday night or yesterday before noon at the latest -- or else it could be forced out into the opposition corner.

In such a case, Chat Thai and SAP will serve as the core of a new coalition line-up comprising Prachakon Thai of Samak Suntharawat, Ruam Thai of Narong Wongwan and Ratsadon of Gen Thianchai Sirisamphan. Community Action led by former deputy prime minister Bunchu Rotchanasathian could also be brought in.

Party spokeswoman Suphatra Masadit and other Democrat leaders told a news conference that a five-member working group led by Phichai yesterday reported the outcome of talks with Chat Thai and SAP to the meeting.

The two parties stood firm that a non-partisan figure must be prime minister because none of the political parties had swept the majority seats in the house. As a result, the party voted 89-1 for a proposal to back Gen Prem as prime minister, they said.

Deputy party leader Banyat Banthaththan, one of the five working group members, said that the talks to farm out cabinet portfolios were still inconclusive and that the new prime minister would consult with the prospective coalition partners on the matter.

But he reaffirmed that such a big party as the Democrat should be allowed control over economic-related ministries in accordance with the party's platform to bring the economy out of the doldrums and further reinforce democracy.

He also said that it was normal that the Democrat Party would set its sights on the position of the house speaker.

Informed Democrat sources said that deputy party leader Kraisorn Tantipong had been approached by a party leader to be the party's candidate for the post and that he had agreed to the offer.

Democrat sources said that with the exception of Phichai, the other four members on the working group had held exploratory talks with SAP and Chat Thai over the Democrat's demand for the coalition to adopt the party's economic platform as the basis of the government policy and for certain portfolios, including agriculture, commerce, industry and interior.

However, the other two parties countered that the portfolios could not be farmed out without the knowledge and consent of Gen Prem.

Gen Prem should have a say on the matter because he is going to head the government, the two parties argued. Serious negotiations to allocate the cabinet portfolios are expected after the appointment of Gen Prem as prime minister.

Sitthi on New Government

BK010814 Bangkok Domestic Service in Thai 0530 GMT 1 Aug 86

[. xt] Air Chief Marshal Sitthi Sawetsila, acting leader of the Social Action Party, made a statement about the news on the formation of a government at the Foreign Ministry's Information Service Center in Saranrom Palace.

[Begin Sitthi recording] I want to make a brief statement. First, because no political party won more than half the total seats in the House of Representatives, unofficial meetings and negotiations have been held among four parties to form a government. As no party has more than half of the votes in the house, it is deemed that the prime minister should be neutral. All four parties unanimously agreed that General Prem Tinsulanon is the most suitable person to take the premiership and form the next government.

Second, a meeting between Prime Minister General Prem Tinsulanon, and party leaders and secretary generals of the four parties was held at the Sisao Thewet residence this morning. The four parties are the Democrat Party, the Chat Thai Party, the Social Action Party, and the Ratsadon Party. The meeting agreed that the new government will include only these four parties. The prime minister's quota of appointments will not be allocated by party.

Third, the Social Action Party has only 51 seats, the third largest in the house. So, it has to follow the bigger parties.

Four, regarding reports that I will become prime minister, this is impossible because our party has only 51 seats. During the election campaign, I never mentioned becoming prime minister. I only said that, if my party gets sufficient seats and support from other political parties and other factors, I will not deny the responsibility in my capacity as a party leader. But now, my party has fewer seats, so, I will not be bold, and have never been bold, to offer myself to be prime minister. [end recording]

Khukrit on Prem Premiership

BK010231 Bangkok THE NATION in English 1 Aug 86 p 2

[Text] The former leader of the Social Action Party (SAP), M.R. Khukrit Pramot, yesterday lashed out at the announcement naming Gen Prem Tinsulanon as the next prime minister.

He said such an announcement before the House sits is unconventional even though it is not against the Constitution.

"Nothing has been done in accordance with the tradition so far. But I don't care any more," he said.

Asked if the selection of Gen Prem as premier for another four-year term meant that political parties had commitment to an elected head of the country, M.R. Khukrit said he didn't know anything because he was in hospital during the campaign period.

"However, those who made such promises must be responsible for their words. There will be another election. Just guess the result of breaking a promise," he warned.

Phichai Declines Money

BK010221 Bangkok BANGKOK POST in English 1 Aug 86 p 1

[Text] Democrat Party leader Phichai Rattakun was offered 200 million baht to lead a coalition without Gen Prem Tinsulanon but with a general as deputy premier and defence minister, the BANGKOK POST was told yesterday.

The offer was turned down by the Democrat leader, who favours a coalition with the Social Action, Chat Thai and Ratsadon parties and with General Prem as prime minister.

A senior party member said three emissaries approached Mr Phichai this week to form a coalition with small parties including the United Democratic, Chat Thai and Muan Chon, which oppose Gen Prem's continued tenure as prime minister.

The Democrat Member said Mr Phichai was asked to head the new coalition with a general getting the defense portfolio and the deputy premiership.

Anti-Prem Protest Movements

BK010225 Bangkok THE NATION in English 1 Aug 86 p 3

[Text] The anti-Prem move intensified yesterday with more than 200 university students and labour unions representatives rallying at Parliament to voice their strong opposition to the attempt to invite Prem Tinsulanon back as head of the new Government.

The students, mostly from Ramkhamhaeng University, turned up at Parliament in the afternoon to submit a letter, supporting the nomination of an elected MP as prime minister, to the president of the Parliament, Ukrit Monkonnawin.

The letter, which the students claimed, was signed by all Ramkhamhaeng lecturers with the exception of Rector Sukhum Nuansakun and the dean of the Science Faculty, said the nomination of an outsider as premier will destroy the democratic system and the practice is against the wish of King Rama VII who sacrificed his power in order to give the mandate to the people.

"Any person who is not elected by the public has no right to reap political gains by using loopholes in the Constitution and the democratic system," the letter said.

The letter, which was later handed over to Secretary General of Parliament Bang-on Im-ocha, was attached with a list of names of over 20,000 people opposing the would-be nomination of an outsider to the premiership.

The students also urged politicians to keep their promise, made during election campaigns, that they would support the parliamentary system by backing an elected MP to lead the nation.

The students said they will return to the Parliament again after the name of the next prime minister is announced. Another group of students yesterday evening rallied at the Democracy Monument for the same purpose.

Meanwhile, United Democratic MP Waranchai Chokchana yesterday morning led a group of representatives from labour organizations to lay a wreath in front of the statue of King Rama VII at the Parliament. A black ribbon on the wreath said "Please send us a premier who comes from election."

The group also carried banners attacking Gen Prem Tinsulanon and reminding newly-elected MPs of their promise to pick a party leader for the premier post.

Some of the Banners said: "Please go home, Pa [Prem's nickname] Prem," and "The economy will get worse if the administrator doesn't come from election."

Without naming names, the group said political parties which cannot keep their words should dissolve themselves and admit that they were formed to cheat the people.

The demonstrators also said that labour groups had issued a communique to announce its stand against a non-elected prime minister.

Bombing Under Investigation

BK010217 Bangkok BANGKOK POST in English 1 Aug 86 p 1

[Text] The Police Department has ordered an urgent investigation after a bomb exploded in front of the Democrat Party headquarters early yesterday morning and a time-bomb was found in a Bangkok cinema less than 13 hours later.

Metropolitan Police Commissioner Pol Lt-Gen Samnao Withitworakan said police were trying to establish if the two incidents, which coincided with hectic negotiations between political parties on the formation of a new coalition government, were politically-motivated.

An ex-cavalry officer wanted in connection with the September 9 abortive coup was killed and another sergeant was wounded in the explosion at 1.20 a.m. yesterday. Police said it was believed the man killed was carrying the bomb when it went off.

Special Branch Police Commander Maj-Gen Kasem Saeng-mit said the dead officer, identified later as Kamphon Fungakson formerly attached to the Saraburi-based Fourth Cavalry Battalion, was one of the key suspects who had played an important role in last year's coup attempt. Police found a picture of fugitive coup leader Col Manun Rupkhachon and two forged military ID cards on his body. He died about two hours after being admitted to Phra Mongkutklao Hospital where Cavalry Master-Sgt Pirom Bunmasem, who is in critical condition, was also taken.

Pol Maj-Gen Kasem said police yesterday were also trying to establish if the discovery of a time-bomb in the Lido Cinema on Rama I Road was politically motivated.

The bomb, made from one pound of TNT wired to a battery and an alarm clock, was discovered by a ticket attendant just before the start of an afternoon show.

Police said the attendant, Khlaeo Chanchaona, 34, found the bomb under a seat. It is thought it was left by a woman who attended the noon show.

The bomb which was found at 2 p.m. was defused 40 minutes later. Bomb disposal experts said they could not tell when the bomb was set to explode because the alarm clock to activate the device was not set on normal time.

They said the size of the bomb, which was placed in the middle of the theatre, was enough to cause devastating damage and injury.

Police Chief Gen Narong Mahanon said after an urgent meeting with senior police officers that investigators found an extortion note demanding 200,000 baht in cash from the theatre management at the ticket counter which indicted a non-political motive.

But Pol Major-Gen Kasem said police have been told not to rule out the possibility that the bombing attempt was a political act.

He said several political groups were trying to disrupt attempts by political parties to form a new government and were opposed to the return of Gen Prem Tinsulanon as premier. These groups have brought in students and have been trying to persuade labourers to join them, he said, adding that students should be warned not to become the political tools of these groups.

Pol Lt-Gen Samnao said he believed the person who planted the bomb inside the cinema did not intend to kill anyone but only to attract publicity.

ROYAL DECREE CONVENES PARLIAMENT 4 AUGUST

BK010608 Bangkok Domestic Service in Thai 0530 GMT 1 Aug 86

[Royal decree convening Thai Parliament]

[Text] Royal signature: King Phumiphon Adunyadet issued on 1 August 1986, being the 41st year under the reign of the present king.

His Majesty King Phumiphon Adunyadet has ordered that it be decreed that, whereas the general election of members of Parliament was held on 27 July 1986 and per Article 115 of the Constitution calling for the first meeting of members of Parliament to be held within 30 days after the election day, empowered by Articles 115, 117, and 159 of the Constitution, he orders that a royal decree be issued for the meeting of the National Assembly to be held on 4 August 1986.

Countersigned by General Prem Tinsulanon, prime minister

ASIA, PACIFIC SEMINAR TO FOCUS ON SOVIET THREAT

BK311035 Bangkok Domestic Service in English 0000 GMT 31 Jul 86

[Text] Thailand and the United States will jointly organize a seminar late this year to seek ways to improve the efficiency and cooperation of armies of countries in Asia and Pacific region. A memorandum of understanding was signed on Tuesday by Assistant Army Chief of Staff for Operations Lieutenant General Suchinda Khraprayun and U.S. Western Commander Lieutenant General Charles Bagnal. About 130 army officers from about 25 countries in the region will participate in the seminar entitled The Army of the Future: Improving Effectiveness. The seminar will be held from 27 November to 9 December.

Lt Gen Suchinda said that apart from discussion on resources and training, the seminar will focus on the Soviet threat in the region. He said the participants will exchange ideas which will enable the Thai Army to learn from the experiences of the armies of advanced nations. At the same time, the foreign delegates will learn from the Thai Army about its role in national development and communist suppression.

FURTHER ON NHAN DAN ON GORBACHEV SPEECH

OW010253 Hanoi International Service in Mandarin 1130 GMT 30 Jul 86

[Report on 30 July NHAN DAN editorial: "A Noble example in Striving for the Cause of International Peace, Security, and Cooperation"]

[Text] The paper NHAN DAN says: Comrade Gorbachev, general secretary of the CPSU Central Committee, made an extremely important speech on 29 July in Vladivostok on the Pacific coast, which has evoked the biggest repercussions in [words indistinct] and world opinion. This speech reflects the Soviet Union's just stand and noble sense of responsibility on major international issues.

In the continuing tense international situation created by the United States, Comrade Gorbachev once again appealed for checking the arms race, [words indistinct] destroying nuclear weapons, and making unremitting efforts to seek political solutions to regional conflicts. These are major issues now before mankind, urgent matters of life and death for Europe, Africa, America, and Asia.

The editorial points out: In his speech in Vladivostok, Comrade Gorbachev put forward his clear ideas and important peace initiatives for the Asia-Pacific region, including such big countries as the Soviet Union, the United States, India, China, Japan, Vietnam, Mexico, and Indonesia.

To realize its new globalism, U.S. imperialism has put forward its extremely reactionary doctrine for Asia and the Pacific. In so doing, the United States is attempting to maintain its imperialist position in this important -- increasingly important -- region, to develop its hegemonism, and to impede and oppose revolutionary movements and the ongoing process of new changes.

In appraising the victory won by the Vietnamese people in resisting imperialism in this region, Comrade Gorbachev said: This has once again displayed the (?inexhaustible) strength of freedom and socialist ideology. We are deeply touched by this.

The editorial says: In his speech in Vladivostok, Comrade Gorbachev once again expounded the Soviet policy, propositions and peace initiatives for the Asia-Pacific region. This embodies a principled stand on the peaceful coexistence of countries with different social systems and the Leninist foreign policy adopted by the 27th CPSU Congress.

The Vietnamese people warmly welcome and fully support Comrade Gorbachev's 28 July statement and fully support the Soviet Union's correct position and series of new and important proposals for establishing new fair relations and creating an atmosphere of peace and stability in the Asia-Pacific region and satisfying the aspirations and interests of various nations in this region.

The editorial says: After reaching agreement with Afghanistan, the Soviet Union announced that it would withdraw some of its troops from that nation. This has reflected the peaceful, sincere, and constructive attitude of the Soviet Union. As everyone knows, the U.S. imperialists and reactionaries pursue an international terrorist policy toward various nations and are waging an undeclared war in Afghanistan in an attempt to dominate the world and [word indistinct]. Such acts violate international law and cause the international situation to become more tense and dangerous.

With generous, disinterested Soviet support and assistance, the Afghan revolution is continuously developing. Afghanistan has made certain economic achievements, and the social basis for the people's revolutionary policy power is being consolidated and strengthened with each passing day. This has provided conditions for withdrawing some of the Soviet troops and for seeking a political solution. However, if interference in the Democratic Republic continues, then the Soviet Union will resolutely help the Afghan people defend the achievements of their revolution.

General Secretary Gorbachev also discussed the situation in Southeast Asia and the relations between the three Indochinese and other countries in this region. He hoped that a relationship conducive to common security would be established in Southeast Asia and other Asian areas. Vietnam has also repeatedly expressed its sincerity and sense of responsibility in this regard.

In the current complicated situation in the Asia-Pacific region, where the people of various countries desire to live in an atmosphere of peace, stability, good-neighborliness, and friendship, Vietnam, the Soviet Union, and other fraternal socialist countries have repeatedly reiterated their stance for maintaining and promoting political dialogues and continuing to seek the possibilities for limiting arms, improving the international situation, and promoting constructive cooperation among various countries.

Vietnam has clearly pointed out on many occasions that the Vietnamese people, as always, cherish the traditional friendship between the people of Vietnam and China. The responsibility for the worsening relations between the two countries and the continuing tension along the Vietnamese-Chinese border rests completely with China. If China genuinely and sincerely wants peace and better relations with its neighboring countries, it should immediately give up its policy of hostility to Vietnam and the other countries of Indochina and hold consultations [cuo shang] with Vietnam to solve outstanding problems in their bilateral relations, and as an initial step, stabilize the situation along the common border and create favorable conditions for the normalization of relations between the two countries, thereby contributing to making Southeast Asia and Asia as a whole a region of peace, stability, and cooperation.

Firmly allying themselves with the fraternal people of Laos and Cambodia and closely uniting and cooperating in all fields with the Soviet Union and other fraternal socialist countries, the Vietnamese people are determined to contribute to the common struggle for the consolidation of peace and security and the promotion of mutual understanding and cooperation among various nations.

HANOI MANDARIN ON SOLVING CAMBODIAN ISSUE

OW010945 Hanoi International Service in Mandarin 1130 GMT 30 Jul 86

["Rambling Talk with Listeners" program: On Solutions to the Cambodian Issue"]

[Text] The Beijing authorities have always made a big fuss over the Cambodian issue and attacked Vietnam for lacking sincerity in seeking a solution to this issue. What is the crux of the matter?

First, it should be pointed out that on Cambodian territory there exists a legal government headed by Chairman Heng Samrin, and that the Cambodian people are vigorously engaged in overcoming the grave consequences caused by the Pol Pot clique from 1975 to 1979. The Cambodian people have made gratifying achievements in restoring and developing agriculture, public health, education, and other undertakings. If the remnants of the Pol Pot clique, supported by international reactionary forces, had not sabotaged the Cambodian people's undertakings, the Cambodian people would have made quicker progress. This is the crux of the Cambodian issue.

Specifically, the international reactionary forces are trying their utmost to restore the rule of the remnants of the Pol Pot forces and other Khmer reactionaries over Cambodia. For this purpose, they have set out from Thai border areas to harass the Cambodian people who are rebuilding their motherland.

Practice over the past several years proves, however, that Pol Pot and his ilk cannot change the situation in Cambodia by resorting to force. The final statement issued by the conference of foreign ministers of the three Indochinese countries, held on 15-16 August 1985, fully reflected the three Indochinese countries' stand on seeking a political solution to the Cambodian issue. The statement said: The three Indochinese countries hold that the Heng Samrin government may consider the proposal to negotiate indirectly with the various sides of Democratic Kampuchea [min jian] through a third party. Provided the Pol Pot clique is removed as a political and military entity, the PRK Government would be willing to hold a dialogue with the Khmer clique or with Khmer individuals.

The statement also said: All Vietnamese volunteers stationed in Cambodia will be withdrawn from the country by 1990. Thus, the cards are laid on the table: if the international reactionary forces stop their support and assistance to the Pol Pot clique, the main political and military force in the so-called tripartite Coalition Government of Democratic Kampuchea, or, by having the Pol Pot clique removed as a political and military entity, the PRK Government, headed by Chairman Heng Samrin, holds a dialogue with the other Khmer forces.

The Pol Pot clique is a bunch of major criminals who pushed Cambodia back into the Middle Ages by undermining Cambodia socially and economically. This clique has been strongly condemned by world opinion; it is not qualified to hold a dialogue with the true representative of the Cambodian people. It is the Cambodian people who overthrew Pol Pot's brutal rule.

While evading the crux of the Cambodian issue, the Beijing authorities have kept using the Pol Pot clique as a tool for carrying hostile activities against Cambodia. On the other hand, the Beijing authorities have made a big fuss over the Vietnamese volunteers stationed in Cambodia, alleging that the Vietnamese volunteers are the key to settling the Cambodian issue.

However, anyone with any understanding of the realities of life can clearly discern the Beijing authorities' trick aimed at deceiving public opinion. Did Beijing not rant time and again that the Taiwan issue was the biggest obstacle to the development of relations between China and the United States? Yet, when the Reagan administration deliberately continued to sell extra quantities of arms to Taiwan in violation of the guidelines of the second Shanghai Communique and strengthened its official ties with Taiwan, Beijing kept on expanding its relations with the United States in all fields. Meanwhile, frequent visits are still being exchanged by high-ranking officials of the two countries.

At present, this so-called biggest obstacle has long been ignored and forgotten. As a matter of fact, the obstacle that Beijing ranted about time and again is nothing but a handkerchief used for playing magic tricks. Sometimes it appears before the eyes of the spectators; at other times it suddenly disappears. But the people of the world all have eyes. How can they be hoodwinked for long? As the saying goes, one deceives people in order to slip past. The Beijing authorities are, indeed, deceiving public opinion.

CADRE CONFERENCE STUDIES DRAFT POLITICAL REPORT

BK010910 Hanoi NHAN DAN in Vietnamese 23 Jul 86 p 1

[Text] The Secretariat of the party Central Committee recently held a conference for leading cadres of central offices and localities to study and thoroughly understand the draft documents to be presented at the Sixth Party Congress: The party Central Committee's draft political report and the draft report on the proposed amendments and revisions of some points of the party statutes.

Attending were the comrades in charge of the various committees, sectors, ministries, and general departments of the party, the state, the army, and the mass organizations at the center, together with the key leading cadres of 40 provinces, cities, and special zones, and high-ranking cadres of the armed forces.

Comrades Truong Chinh and Le Duc Tho addressed the conference.

After hearing Comrade Vo Chi Cong, member of the party Central Committee Political Bureau, present the basic contents of the draft political report, the conference devoted much time to studying and discussing so as to thoroughly understand the viewpoints stated in the various documents. The participants also made many suggestions to these documents.

Summing up the conference, Comrade Nguyen Van Linh, member of the Political Bureau and secretary of the party Central Committee, clarified many issues raised in the draft political report and gave guidance to the organization and leading of party congresses at all levels. He advised all delegates, cadres, and party members to consider various issues objectively, have a historical viewpoint in evaluating the situation, and clearly see the great successes and new factors of the revolution. Each cadre and party member in each locality and sector and at each level must have a sense of serious, truthful, and frank self-criticism and criticism.

He also reminded the leading cadres to guide party congresses at all levels in studying the important addresses delivered by Comrades Truong Chinh and Le Duc Tho at this conference.

Truong Chinh Speech

OW311331 Hanoi Domestic Service in Vietnamese 1100 GMT 26 Jul 86

["Text" of speech by Truong Chinh, chairman of the SRV State Council at the 7-10 July cadre conference to study the draft political report to be presented at the Sixth National CPV Congress; place not given -- read by announcer]

[Text] Dear comrades: Over the past several days, working hard, imbued with a high sense of responsibility and resolved to gain thorough understanding, you comrades have studied and animatedly discussed the basic contents of the draft political report, and have contributed many good ideas to this report. On behalf of the party Central Committee and the Political Bureau, I warmly acclaim the results of the conference.

Over the past 56 years, with its rich experience in revolutionary struggle, our party has led our people in overcoming countless difficulties and trials and in scoring extremely glorious victories. With the total liberation of the south and national reunification, our entire country entered the period of transition to socialism. In the light of the resolutions of the Fourth and Fifth Congresses, in a situation in which our country still faces many difficulties, our party has led our people in continuously scoring great successes in socialist construction, in defending the socialist fatherland, and in discharging their national tasks and internationalist obligations.

Apart from those great achievements, we have committed a number of serious blunders and mistakes in economic construction and management. Those achievements and successes, those blunders and mistakes, as well as the guidelines, objectives, and tasks of the party and people in forthcoming years, are reflected in the draft political report to be presented at the coming congress.

Comrade Vo Chi Cong has introduced the basic contents of the draft political report to enable you comrades to study and discuss them over the past several days. I will not repeat these basic contents. I would like, on this occasion, to add some ideas of my own so as to further clarify the party's strategic guiding concepts.

As you comrades already know, the Fourth and Fifth National CPV Congresses have pointed out very correctly our country's outstanding characteristics in the period of transition to socialism and in the first phase of that period, that is, that we are advancing directly to socialism, bypassing the stage of capitalist development, from a situation of small-scale production, with a multisectoral economy, a very low commodity production ratio, and continued natural-economy autarky in a number of regions.

A number of established material-technical bases have been seriously ravaged in the 30 years of war. Imbalances in grain, foodstuffs, energy, raw and other materials, and infrastructure have been severe and serious. Freshly emerging from a long war, our people have had to cope with a land-grabbing border war and a multifaceted war of sabotage waged by the Chinese expansionist-hegemonists, in collusion with the U.S. imperialists and international reactionaries, making it impossible for us to devote our efforts to economic construction. These outstanding characteristics prove on the one hand that we started our advance to socialism at a very low level; on the other hand they prove the extremely complex nature of the situation. Our shortcomings and subjective mistakes have rendered the already very difficult situation even more difficult and complicated.

The weighty task facing the Sixth National CPV Congress is that it must make a realistic review of the situation and draw profound lessons from experience, thereby further concretizing the policy line set forth earlier at the Fourth and Fifth Congresses. Keeping in mind its momentous significance, we are resolved to do a good job in making preparations for the congress, to ensure its success, and to meet the aspirations of our entire army and people.

To further concretize the policy line and strategic guidelines for our country's development set forth earlier at the Fourth and Fifth Congresses, our party will lead our people in persisting in their struggle, in remaining valiant in their work and in the defense of the fatherland, in surmounting all difficulties and trials, and in steadily advancing toward socialism.

To carry out the party's line set forth earlier at the Fourth and Fifth Congresses, we must, in the course of carrying out the socialist revolution in our country, make renovations in many respects: renovations in concepts, especially in economic concepts; renovations in work style; and renovations in organization and cadres. Our Sixth Party Congress must meet these requirements. These renovations must be reflected in the contents of party documents, primarily in the political report, and in the guidelines for personnel assignments issued by the central level and by all party committee echelons at the all-echelon congresses and the coming National Party Congress.

We must base these renovations on the lessons learned from past successes and from the shortcomings and mistakes we have committed in the past 11 years, now that our entire country is entering the period of transition to socialism. At this point, I would like to bring up some important lessons from experience.

First, the strength of a country, of a revolution, lies in the people. In order to truly promote the working people's right to collective mastery, we must have confidence in the people, we must consider the people as the basis in all policies. That was how our forefathers thought and acted in ancient times. In modern times, from prerevolutionary days to the August Revolution, and to the wars of resistance against France, the United States, and the Beijing expansionists, our party has invariably applied this same policy. In our current advance to socialism, we must all the more persist in applying this same policy.

Party policies must stem from the interests, aspirations, and level of knowledge of the people. The assessment of our policies -- whether they are correct, wrong, good, or bad -- depends on whether or not the majority of the masses are enthusiastic, supportive, and eager to carry them out; whether or not production is promoted, the economy is improving, the people's lives are stabilized and gradually improved; and whether or not national defense and security are strong and stable.

Who carries out policies? The people, no one else. Even if policies are correct, unless the people understand and support them, they cannot be carried out. In that case, efforts must be made to educate the people and explain things to them; we must know how to wait for them.

Occasionally we must readjust policies to realities and the level of knowledge of the masses. We must educate the people, make them understand and have confidence in the party, and create a seething large-scale revolutionary movement among the working people to make them voluntarily and eagerly endeavor to build socialism.

Since our country entered the period of transition, quite a large number of cadres and party members have detached themselves from the people, forgetting the years and months of sacrifice and hardship during which they shared the sweet and the bitter with them and thinking that popular support is needed only when they carry out a clandestine revolution and wage a liberation war and that, when we build socialism, the people must obey them.

Lenin said: The risk of a ruling party lies in that it may sever its relations with the popular masses. Our peasants have a tendency toward private ownership. This is correct. To advance to socialism, the tendency toward private ownership must be eliminated. That is also correct. But, the question is how to eliminate it. It must be eliminated by carrying out the three revolutions and gradually raising the level of production socialization while educating our peasants consistently, positively, and persistently to help them gradually change their way of thinking in the direction of progress, and not by giving orders and applying administrative and coercive measures to eliminate the tendency overnight. We may say that thinking of private ownership means a lack of patriotism, but our people will not agree with us and we will, as a result, be further distanced from them.

During the past several resistance wars, some families did not send their members to sacrifice for the fatherland's independence and freedom. Our peasants in particular and our people in general love their country and socialism very much. But they will object if we impose on them what is against their legitimate interests, if we force them to yield to our subjective will. The lesson for us is that our revolution, and undertaking of our people regarded as very important in the past, has now become even more important. This is a very valuable historical lesson from our country's revolution.

Second, it is necessary in leadership work to abide by the law of objectiveness and to apply it to reality. Comrade General Secretary Le Duan said: To be masters is to grasp the law and to act in accordance with it. He was right. Failure to abide by the law cannot help us to exert mastery; on the contrary, the law may strike back at us.

Over the past more than 10 years, it has been obvious that when we want to change the socioeconomic situation, we must first change our thinking, especially our thinking on economic matters. Marxism-Leninism has its universal, general principles, but how to apply them to the situation in Vietnam is our business, because no one else can do it for us. The application of these principles must be based on the actual situation in Vietnam, with its specific people and with the specific developmental conditions of our country's history, economy, social requirements, and traditions.

The system of objective laws is expanding its impact. These laws influence and supplement each other; they combine into a single whole, with the special socialist laws playing the leading role. We must apply these laws properly and, through practical trials, readjust our policies so that we will apply not just a certain law, but the entire legal system, and do so more ingeniously and correctly. The criteria for evaluating the level and capability of properly applying the legal system through implementing our policies lie in production; maintaining circulation operations; stabilizing and gradually improving the people's material and cultural life; building a healthy, civilized society; heightening all ethical and spiritual values; and consolidating our national defense and security. Any policy that dampens the masses' enthusiasm, creates obstacles, lowers production, obstructs circulation operations, causes livelihood problems, develops negativeness, and disturbs society, must be abandoned or remedied because it reflects an incorrect application of objective laws.

Over the past years, because we have made mistakes, developed subjectiveness and impatience, disregarded and even violated objective laws, and remained backward and sluggish, we have held on too long to the system of centralism, bureaucratism, and subsidization. As a result, production development has been restrained; our laboring people have been unable to actually develop their mastery; nonproducers have exceeded producers in number; productivity, quality, efficiency have constantly decreased; and no products, or only very small quantities of goods, have been available for society. Circulation operations have been obstructed due to the partitioning of markets; the economic crisis has continued; inflation has not ceased; prices have been unstable; life has turned insecure; ethic and spiritual values have been eroded; and negativism has developed.

The Sixth Plenum of the First Party Central Committee and especially the Eighth Party Central Committee Plenum have deeply analyzed these shortcomings and mistakes and pointed out the serious harm which has been caused in several aspects. On the basis of this analysis, the party Central Committee has decided to abolish centralism, bureaucratism, and subsidization and switch economic activities to the socialist system of accounting and business transactions, according to plan.

The resolution of the Eighth Plenum of the Party Central Committee, followed by resolutions Nos 28, 31, and 306, the Political Bureaus's draft resolution, and the conclusion of the 10th Plenum of the Party Central Committee on prices, wages, and money mark our party's maturity in leadership work in general and in economic leadership in the awareness and correct application of laws, in shifting from directing economic operations through administrative orders, regarded as indispensable, to directing them by correctly applying the system of objective laws. This is the essence and profound revolutionary significance of the resolution of the Eighth Plenum of the Party Central Committee.

Regrettably, because of a lack of understanding and thorough grasp of the spirit and basic contents of these resolutions, we have, while providing guidance for implementation, made a number of blunders and mistakes in currency exchange and in the recent general readjustment of prices and wages, thus causing serious consequences which we must now seek all measures to overcome.

It should be added that in the background of today's era, when the socialist community has become an international system and an increasingly powerful and stable force, there are many favorable objective conditions; we must necessarily seek, and are fully capable of seeking, the extremely valuable assistance of fraternal countries, primarily the Soviet Union. However, no matter how advantageous the objective conditions are, our subjectivity must always play the main role.

Obviously, we have missed out on a valuable opportunity. The Soviet Union has, in the past 10 years, provided us with aid worth tens of billions of rubles. Yet, with the bureaucratic, centralized subsidization mechanism, we have failed in our undertakings. We have had to dip into the aid for several hundred million rubles annually in social consumption, subsidization, and loss compensation. Several hundred million rubles have been spent on many construction projects. This has been a big mistake.

Regrettably, a number of comrades still fail to fully recognize the profound, multifaceted harmful effects of that mechanism. They are still afraid that thinking and doing things in a way different to the bureaucratic, centralized mechanism is departure from socialism.

Some comrades worry that if we boldly utilize and develop the potentials of different sectors of the economy, promulgate policies for production expansion, and coordinate state -- and people-created jobs, the situation will become more chaotic because raw materials, materials, and energy, being in limited quantities, will then be channeled from state-run installations to the collective and private sectors. Do they mean, as evinced by their fears, that we must limit production and, in so doing, not provide jobs to everyone in order to do the right thing and avoid chaos? Moreover, such concern proves that we are still not confident of the people's strength; we still do not clearly understand the application of rules.

In fact, when we adopt a policy of expanding production and creating conditions to provide more jobs, because of the division of labor in society, some workers, in carrying out their occupations, will create more raw materials and materials for production in order to meet social needs; the working people will bring into full play their creativity in overcoming difficulties and developing production.

The problem is, we must adopt correct policies to create conditions for workers, production and business installations, and localities to produce raw materials, materials, and consumer goods. If our policies -- especially investment, pricing, circulation, and distribution policies -- are rational, peasants will certainly not give up tilling, will not pull up tobacco plants, will not cut off and destroy sugarcane; and will not give up hog raising. On the contrary, they will be more enthusiastic and will produce more; we will have more raw materials and materials for industrial production and more grain and foodstuffs for consumption. If investment policies are correct and if we have suitable policies, mine workers will certainly eagerly overcome difficulties in producing more coal, and scientists and technicians will devote their intelligence and talent to creativity and search for sources of energy, raw materials, and materials that can be tapped locally, thus helping economize large amounts of foreign exchange.

Correct policies not only help promote production but also make important contributions to consolidating the worker-peasant alliance and making it more steadfast; they arouse enthusiasm and confidence among the peasants in their steady advance to socialism, along the path already charted by the party. Erroneous, unpopular policies that go against rules not only cause production decline but also hurt the worker-peasant alliance and drive peasants into the hands of speculative private traders.

As far as socialist transformation is concerned, we must also step it up on a permanent, continuous basis by adopting practical forms and steps for each locality and the entire country and by properly implementing the guideline for conducting transformation by making use of it, by making use of it to better conduct transformation. We must make production relations consistently conform with the nature and capability of production forces, determined not to quickly give up transformation due to a sense of impatience, thereby causing production to decrease and the market to decline. The best way to implement this guideline is to broadly apply proper forms of economic cooperation among economic components on the basis of developing the key role of socialist economic components. Of course, we must punish speculators, smugglers, makers of fake goods who intend to deceive consumers, thieves; those who are corrupt, deviant, and depraved; and those who siphon state goods from warehouses.

We must strengthen managerial work to control the market by properly combining economic, administrative, educational, and judicial measures. But this market must be a prosperous one with an abundance, not a scarcity, of goods so as to meet social needs. If we should have to manage a poor market, how could we satisfactorily apply the basic socialist economic law which seeks to satisfy the laboring people's growing material and cultural needs.

We can simply say that failure to correctly comply with this law will not lead us to socialism, and that failure to correctly understand this law will prolong and not shorten the path toward socialism. We should not assume that we could advance to socialism more quickly by skipping a stage or implementing this law incorrectly. On the contrary, we would then move forward very slowly.

In sum, the most correct and quickest way to advance to socialism is to respect the objective laws, to apply them correctly, and to act in accordance with them. There is no other way. This is the second lesson for us.

Third, we must maintain and strengthen our party's leading role to ensure the mobilization of all our people's capabilities toward the realization of socialism, to ensure the conscientious application of law, and to create favorable conditions for developing the positive effects of these laws. The leading party must grasp the laws that affect society in each historic stage. By properly grasping this system, the party's leadership will help the people in vigorously developing their socialist collective mastery and guide them in conscientiously acting in accordance with these laws.

The might of these laws is invincible. Whether the powerful force of proletarian dictatorship and the laboring people's great capabilities can be fully developed or not depends on whether or not this force and these capabilities act in accordance with these laws. To comply with these laws is to observe the people's will and to follow the progress of the country and the era. For this reason, correct compliance with these laws will help us develop production, carry out smooth circulation operation, and gradually stabilize and improve the situation.

Our party's experienced leadership over the revolution over the past 56 years has proved its correctness and creativeness in combining the national and international factors, the traditional and contemporary factors, as well as the objective factor regarding the people's strength and the objective factor regarding the application of the system of laws. It is for this reason that our country's revolution has advanced from one success to another over the past years.

Over the past 10 years we have been entering the period of transition to socialism, that is, entering a revolutionary course that is still new to us. For thousands of years our people have fought their enemies and brought into full play their forefathers' heroic tradition of nation-building and national defense. This is the first time in our nation's history that we are building socialism.

In the course of our efforts to advance, apart from the successes we have scored, we have committed quite a few blunders and mistakes. Through the difficulties they have encountered and the blunders they have made, our party and people have further matured by another step. We can firmly be confident that, with our party's correct leadership, with the creative application of the principles of Marxism-Leninism, and with our positive acts performed according to rules, the great strength of the system of dictatorship of the proletariat and the right to collective mastery of our country's working people will be highly enhanced in the coming years.

To ensure the party's leadership, we must strengthen intra-party unity on the basis of Marxism-Leninism and the party's policy line. In the face of a difficult and complex situation, it is not unusual that opinions differ. We must be sincere and frank and adopt a constructive attitude in discussions in order to find out the truth and reach a high level of unanimity; we must try our best to avoid rashness and undue haste.

The present situation requires that our party renovate its work style in accordance with uncle Ho's work style, and that it renovate organizational and cadre work as well. We must firmly maintain democratic centralism in party life as well as in leadership over economic and social activities.

Some people have offered the idea that, between centralism and democracy, we should at present accord priority to centralism. That claim is erroneous both in theory and in practice. Democratic centralism is a principle that reflects very strict unity. Unless we promote democracy and ensure the right to autonomy of basic units, and the legitimate interests of the worker both in agriculture and industry, both in production and goods circulation, there will be no, or only very few, commodity products, and commodities will not be in normal circulation. In such a situation, can we ensure centralism?

If centralism is stressed to the point that we lack commodities and goods circulation is stalemated, what is the purpose of centralism? That is the bureaucratic centralism we have been guilty of for a long time, and which the resolution of the Sixth CPV Central Committee Plenum has analyzed, criticized, and rejected.

Centralism must be based on adequate promotion of democracy. Promoting democracy must be aimed at ensuring the right to centralized management. These two aspects are of a common nature; they interact and complement each other.

Under the present circumstances, we must counter the bureaucratic-centralist subsidization mechanism. Meanwhile, we must counter liberalism, disorganization, indiscipline, and the practice of catering only to local and parochial interests, which weaken the state's centralized and unified management.

In view of the current situation, in order to correctly implement the resolutions of the Eighth CPV Central Committee Plenum and the subsequent resolutions of the Political Bureau, we must assign cadres correctly, suiting the requirements of renovation in economic leadership and management.

Cadres' capabilities and qualities must be reflected in the renovation of concepts, of thinking, and of ways of doing things, especially in the renovation of thinking and doing things economic, consistent with the requirement of shifting economic activities to socialist economic accounting and business transactions, with planning as the basis.

We are facing a specific situation. Apart from the advantages, there are a great many difficulties to be overcome. To ensure that the dual strategic tasks are accomplished well in the new situation, the consolidation and strengthening of party leadership is of decisive importance. That is our third lesson.

The aforementioned great lessons from experience help us further grasp the basic contents of the draft political report, correctly assess the situation in years past, and define the guidelines, objectives, and tasks for coming years. That is also the basis for forming a new economic concept which will also help you, comrades, draw up reports on the situation and tasks of your respective party organizations.

Meanwhile, according to plan, and under the guidance of the Secretariat, you comrades should organize well the gathering of ideas from all-echelon congresses, of our entire party and people to be incorporated into the political report which will be presented to the coming Sixth National Party Congress.

We should make every cadre and party member keenly understand his tasks, promote democracy, organize serious and frank study and discussion in the party, and contribute many precise ideas to the draft political report and the draft suggestions for amendments to the party statute.

The Secretariat should guide all party committee echelons in organizing well the gathering, classification, and systematization of opinions contributed by party organizations at all levels, and should help correctly integrate important ideas into documents, in order to perfect, and raise the level of, the political report to suit the Sixth National Party Congress.

The all-echelon party organization congresses must apply ideas, viewpoints, and policies mentioned in the political report to the specific conditions in each party organization and locality; devise the guidelines, tasks, and realistic programs of action for their respective localities and units; do a good job in carrying out the elections to the executive committees of party organizations at all levels; and elect worthy delegates to the national party congress in accordance with the central level's guidance.

To ensure the strengthening of the party's leadership and raise its effectiveness, we must attach utmost importance to party-building tasks, to making the party clean, strong, and stable, and must carry out self-criticism and criticism drives well. By so doing, we will create unity in will and action in the party and among people, and be able to overcome future difficulties and advance further.

Along with making urgent preparations for the national party congress and the all-echelon party organization congresses, we must regularly and firmly grasp, and direct well, urgent upcoming tasks; positively and timely resolve difficulties in materials and energy, and meet other conditions, in order to accelerate agricultural and industrial production; carry out measures to correctly implement the resolution of the Eighth Plenum of the Party Central Committee, resolutions No 28 and 31, and the conclusion of the 10th Plenum of the Party Central Committee on prices, wages, and money; and quickly carry out draft resolution No 306 of the Political Bureau on guaranteeing the right to autonomy in production and business transactions of basic economic units. Meanwhile, we must heighten vigilance, stand ready to cope with the enemy's land-grabbing and sabotage schemes and acts; and firmly maintain national defense and security.

We must strive to overcome all difficulties to ensure high productivity and output for the 10th-month rice crop, accelerate the production of consumer goods, and further improve the distribution-circulation link in order to make the market, prices, and the people's lives move in the right direction and to create an enthusiastic atmosphere among the people at the time of the congress. This is at once an economic, political, and ideological problem; it is also aimed at achieving further stabilization in the people's lives and their outlook and at ensuring success for the congress. Meanwhile, it will create favorable preconditions for the implementation of post-congress work.

This is realistic work for developing the working people's right to socialist collective mastery. It motivates the entire party and people to eagerly emulate one another in fulfilling the 1986 state plan, and craves an enthusiastic spirit in scoring realistic achievements in honor of the all-echelon party organization congresses and the National Party Congress.

Dear comrades, with great determination and firm confidence in the success of the party congress, I wish you good health and many new achievements. Please, comrades, convey the kind regards of the party Central Committee and the Political Bureau to all cadres, party members, compatriots, and combatants throughout the country.

May the all-echelon party organization congresses be crowned with success.

Thank you, comrades.

HANOI PARTY COMMITTEE REVIEWS CRITICISM DRIVE

BK300430 Hanoi Domestic Service in Vietnamese 1430 GMT 26 Jul 86

[Text] The Hanoi Municipal Party Committee recently reviewed the first phase of its criticism drive and discussed plans to improve criticism and self-criticism within party organizations. To date, the municipal party organization has basically completed the first phase of its criticism and self-criticism drive.

Generally speaking, party organizations have been consolidated and further improved through the criticism and self-criticism drive. The spirit of striving to strengthen unity within the party, the sense of observing organizational discipline, and the implementation of principles and activities of party organizations and chapters have been consistently maintained and effectively carried out. Party members have shown sympathy and understanding toward one another, while party committees understand more profoundly various party cadres and members. Such negative phenomena as taking advantage of privileges, corruption, violating public property, feasting, and bribery are being eliminated, thus developing the people's right to collective mastery and encouraging them to participate more in the criticism drive to strengthen the party.

To overcome shortcomings drawn from the first phase and to accelerate the second phase of criticism and self-criticism, the Hanoi Municipal Party Committee has urged various echelons of party committees, sectors, branches, districts, and cities to complete their criticism drives during July, integrate ideas on criticism to contribute to completing reports of party committees for the coming district and city party organizations congresses; and to survey, inspect, and solve various problems raised by party members and the people. They must accelerate the second phase of the criticism and self-criticism drive, while preparing for party organization congresses at various levels.

EMULATION DRIVE TO GREET PARTY CONGRESS UNDERWAY

BK291413 Hanoi International Service in English 1000 GMT 29 Jul 86

[Text] An emulation drive in production to greet the forthcoming Sixth Party Congress is under way in Vietnam. Working people in the central province of Binh Tri Thien are striving to fulfill or overfulfill the 1986 state plan. This includes planting of some 60,000 hectares of summer-autumn rice and good preparation for the next crop. Special attention is given to antistorm and flood work to protect people's lives and property and rice crop. Every office and enterprise in the province has registered to carry out projects in honor of the Sixth Party Congress.

AUSTRALIAHAYDEN TO DISCUSS DEFENSE DURING U.S. VISIT

BK010944 Melbourne Overseas Service in English 0830 GMT 1 Aug 86

[Text] The minister for foreign affairs, Mr Hayden, is traveling to the United States for the ANZUS ministerial council. ANZUS links Australia, New Zealand, and the United States in a defense alliance. However, a rift has developed between the United States and New Zealand over that country's refusal to provide porting facilities for nuclear-powered or -armed ships. As a result, the ministerial council meeting will be a bilateral affair between the United States and Australia.

Mr Hayden said the relationship between the two countries was good despite the serious differences on America's farm subsidy policies.

The foreign affairs minister will visit Canada before going on to San Francisco for talks with the secretary of state, Mr Shultz, and the defense secretary, Mr Caspar Weinberger.

MALAYSIAMAHATHIR PREDICTS LANDSLIDE ELECTION WIN

BK300815 Hong Kong AFP in English 0651 GMT 30 Jul 86

[Text] Kuala Lumpur, July 30 (AFP) -- Prime Minister Mahathir Mohammed forecast Wednesday that his 13-party national front coalition would score a landslide in a general election scheduled for the weekend. "The people's support for the Barisan Nasional (National Front) is now clear and it looks like it will get more than a two-third majority," BERNAMA NEWS AGENCY quoted Dr. Mahathir as saying in Kuching, capital of the east Malaysian State of Sarawak. Malaysia's almost seven million voters go to the polls on Saturday and Sunday to pick members for the 177-seat lower house of parliament and 11 of the country's 13 state assemblies. Front nominees were returned unopposed to six parliamentary and eight state seats when nominations closed last Thursday but candidates from nine political parties and more than 50 independents are fighting front nominees for the other seats.

Dr. Mahathir accused the front's principal opponents, the Chinese-based Democratic Action Party (DAP) and the Parti Islam Sa-Malaysia (PAS) of entering into a secret pact to deny victory to some candidates from his coalition. But the pact was unlikely to work because leaders of the two parties seldom kept their word, he claimed. DAP leader Lim Kit Siang last week announced that his party was not joining a PAS-led, five-party electoral pact because of the conservative Moslem party's commitment to the establishment of an Islamic state.

Diplomats said that Dr Mahathir's front was likely to retain its two-thirds majority in parliament barring a last-minute swing to the opposition. PAS is expected to make inroads into areas held by Dr. Mahathir's United Malays National Organization(UMNO) in the northeastern states of Kelantan and Trengganu. The DAP, on the other hand, is expected to make substantial gains in urban constituencies with large numbers of Chinese voters, analysts said.

MAHATHIR PREDICTS CHAOS IF PAS COMES TO POWER

BK310935 Kuala Lumpur International Service in English 0800 GMT 31 Jul 86

[Text] The prime minister, Datuk Sri Dr Mahathir, says any Islamic country needs industrialization in its development to help generate more job opportunities. The present National Front government is fully aware of this and will step up efforts to diversify the country's economy so as to bring more benefits to the people.

He was speaking at a ceremony to lay the foundation stone of a silk-weaving factory at the Chendering industrial site in Kuala Ibai, Terengganu. Datuk Sri Dr Mahathir also expressed the fear that chaos would erupt and the true understanding of Islam vanished, if the Pan Malaysian Islamic Party -- PAS -- came to power in the country after the general elections on Saturday and Sunday [2-3 August]. He pointed out that the actions of PAS so far indicated that the opposition party was not working toward the setting up of a true Islamic nation as claimed in its Constitution, but was merely fishing for votes. He said one of the claims by PAS which was found to be contradictory was branding Malays who cooperate with non-Muslims as kafir or infidels, but PAS is now cooperating with parties which are set up by non-Muslims, and he asked whether this means that PAS is also kafir.

The prime minister also hit out at PAS for coming out with a manifesto which did not back up its so-called claim to set up an Islamic government. In the manifesto, he said, PAS spoke of what it claimed was its struggle for fairness, peace, and harmony but the actions of PAS, for example in the Memali incident, where several people were killed, contradicted with its manifesto.

PARTIES' ELECTION PROSPECTS, ISSUES VIEWED

BK310247 Hong Kong AFP in English 0213 GMT 31 Jul 86

[By Mervin Nambiar]

[Text] Kuala Lumpur, July 31 (AFP) -- Some seven million voters go to the polls this weekend in a general election which has been characterised by probably the dirtiest electoral campaign in Malaysian history, analysts say here.

Prime Minister Mahathir Mohamad called the snap polls for Saturday and Sunday, some 11 months before his government's five-year term expires, "so that we can get on with the business of government." But the nine political parties battling the ruling 13-member National Front Coalition have accused Dr Mahathir's administration of denying them sufficient time to campaign, blatantly abusing the local media and exploiting government machinery, in addition to alleging corruption and nepotism.

"This is without doubt the dirtiest campaign since 1969," Chandra Muzaffar, president of the non-political Aliran, a social reform movement, said, adding "I have not seen any campaign reach such low levels of crudity." "The government seems quite desperate by saying it will deny development funds to those voting opposition candidates and frequently referring to the May 13 riots" after a general election in 1969, when hundreds of people died, Mr Muzafafar said. [quotation marks as received]

While the front is in no danger of losing power, at least two of the nine opposition parties could cut into its overwhelming majorities in the just-expanded 177-member Parliament and the 351 seats up for grabs in 11 state assemblies, analysts say. The biggest challenge to the front, a grouping of largely ethnically based parties headed by Dr Mahathir's United Malays National Organisation (UMNO), comes from the fundamentalist Parti Islam Sa-Malaysia (PAS). While the front is contesting all seats, the PAS, the only party offering itself as an alternative government, is vying for 99 parliamentary and 265 state seats. Its leaders say they will set up an Islamic state, replacing Malaysia's secular laws with Islamic legislation, if returned. Diplomats say that the PAS, portraying itself as "god's party," is likely to make gains among conservative Moslem voters in the Malay belt states of Kelantan, Trengganu, Kedah and Perlis.

The largely Chinese-based Democratic Action Party (DAP), declaring that "enough is enough" has meanwhile urged voters to deny Dr Mahathir a two-thirds majority in Parliament to check alleged corruption, arrogance and nepotism." DAP leaders, concentrating on urban constituencies with large numbers of Chinese voters, say the government could be made more accountable without the two-thirds majority and the automatic right to amend the constitution. The party has also said it will work to dismantle the government's pro-Malay policies in education, business and employment if returned in strength. The DAP, going into the polls with 10 of the 18 opposition seats in the just dissolved Lower House, could score in Penang, Perak, Selangor and the Federal Territory where the majority of peninsular Malaysia's 2.2 million Chinese and 487,000 Indian voters are concentrated, analysts say.

Dr Mahathir has said that while the front would not resort to extra-parliamentary means to cling to power if rejected, voters should not forget the trauma of the 1969 polls. Hundreds died after the DAP, PAS, the Parti Gerakan Rakyat Malaysia (Peoples Movement) and the Peoples' Progressive Party [PPP] picked up 37 of the 103 parliamentary seats contested in peninsular Malaysia. The Gerakan, which controls the Penang State Government, and the PPP are now members of Dr Mahathir's coalition. Opposition leaders have described Dr Mahathir's remarks and similar statements by other front campaigners as blatant intimidation, but say references to the riots will not affect voter sentiment. The government has refused to lift a ban on public rallies in force since the 1969 riots to stop racial sentiments from being whipped up, election commission officials said. Apart from the stabbing of a campaign worker in Kedah, Dr Mahathir's home state and brawls between party supporters elsewhere no major violence has been reported so far, officials said.

VOPM CONTINUES UNITED ISLAMIC FRONT MANIFESTO

BK300228 (Clandestine) Voice of the People of Malaysia in Malay 1230 GMT 28 Jul 86

[Second Conclusion of "9 June 1986 Manifesto" of the Malaysian United Islamic Front: "To Expose all the evil deeds done by the UMNO ruling clique, and to put establish priorities for protecting the interests of the Muslims"]

[Text] We should unite very closely to overthrow the treacherous government and totally eliminate the roots of poverty and suffering. For the moment our priorities are as follows:

1. We must oppose the treacherous government that disobeys God's command through various means -- such as through thoughts, through words, or through physical violence. In Sura Nisaa, verse 59, God says: "O ye who believe! Obey God, and obey the Apostle, and those charged with authority among you." According to what God says all Muslims should obey God, the Prophet, and the government. To all Muslims, obeying God and the Prophet is absolute. However, it is not essential to obey the government because in his hadith, Prophet Muhammad says all Muslims should know that the government loved most by God, the most gracious, the merciful, is the government that is fair, just, that does not discriminate against the people, and does not deviate from the right path guided by God in its thoughts, words, and deeds. Therefore we should pledge our absolute obedience and support only to this kind of government. On the other hand, if the government is cruel to human beings created by God, particularly to Muslims, creates a wide socioeconomic gap among the people, and makes empty promises, we do not have to obey it. Instead, we should strongly oppose it. In our country now, there exists the UMNO [United Malays National Organization] ruling group which is hypocritical. This group is a traitor to Muslims and God will definitely condemn it. It constantly changes its policies and has done many evil deeds contrary to the teachings of Islam -- such as being cruel to the people, corrupt and fraudulent, corrupting Islamic morality, and so on. It is then mandatory for us Muslims to follow the Prophet's words -- telling us to oppose the treacherous UMNO ruling group that disobeys God's command -- by various means, either by thoughts, words, or physical violence.

2. We must uphold Islamic values and be active in spreading the nucleus of Islamic philosophy and preserve Islamic morality. We must fight against oppression and exploitation. We must oppose all nonsensical acts and regulations. We must expose and oppose all evil deeds of the ruling group which outrage Islamic values. Prophet Muhammad bravely fought the Quraish aristocratic group in Mecca and led all Muslims in their struggle against oppression and insults for the sake of spreading the Islamic religion and to save the miserable people. In the end, with God's blessing, they won.

Prophet Muhammad never sought wealth and personal comfort after he became a prophet -- a position graced by God. Instead, he showed concern for the development of social welfare and paid attention to the plight of the miserable people. He always visited those who were suffering and extended material help to them. He also guided them in searching for the clue to the cause of misery and led his followers to fight bravely to uphold Islamic values. We should follow the examples set by Prophet Muhammad in our struggle against oppression and exploitation. We should pay attention to the miseries suffered by the people, assist the people [words indistinct], expose the ill doings of the ruling group that only protects the interests of its government by making use of the name of Islam, and oppose corrupt practices, gambling, drug addiction, prostitution, decadent culture, and other practises contradictory to the teachings of Islam. We must oppose all acts and regulations which support [passage indistinct].

3. We must protect the solidarity among Muslims. We must also promote and strengthen friendship between the Muslim and other races that practise other religions. To unite and be friends are the characteristics of the Muslims. Sura [word indistinct] verse 10 in the Koran says: "All things on earth are related to one another". Prophet Muhammad says: "There is no profound faith in you if you do not love your brothers as much as you love yourself." Malays who practise the Islamic religion in this country are able to unite closely and sincerely cooperate with one another and live in peace under the banner of a common religion and common culture. Very often we hear Muslims saying that all Muslims are brothers and we live like one family. As brothers, we [words indistinct] assist each other, as the proverb says: "Together we climb up the hill and together we come down to the valley." The Muslims in our country should adhere to Islamic teachings on the need for solidarity, [words indistinct] to forgive each other, and to unite closely under the banner of Islam while fighting the common enemy. Our objective is to protect the interests of our race, religion, and country, and to struggle for the sake of justice, freedom, and democracy.

Ours is a multiracial and multireligious nation. All the races in the country must unite and cooperate in the struggle as they are being oppressed by the ruling group. Unity and cooperation among the people of various races in the struggle against the treacherous ruling group [passage indistinct]. The Muslims in the country also give priority to unity. They are carrying out with a sense of comradeship a common struggle together with other races and religious believers. For example, when the Japanese imperialists and British colonialists occupied our fatherland, the Muslim Malays -- along with their Chinese, Indian, and other fellow-countrymen -- took up arms in a bloody struggle to defend national interests and independence. Many facts prove that the people of various races are genuine comrades-in-arms in their struggle against the common enemies. [passage indistinct] We believe that the Muslims in the country must set a good example in uniting the people of various races, cooperating with other races and religious believers, and forming a gigantic force to create a happy life.

4. We must sympathize with and support the just struggle consented to by God and launched by the people of various races. At present, the people are increasingly dissatisfied with the UMMO ruling group. They are actively fighting to defend freedom, democracy, and national interests throughout the country. The ruling group will definitely respond to the struggle with even more cruel oppression. This being the case, in addition to opposing the treacherous rule of the ruling group, the Muslims must sympathize with and support the just struggle of the people of various races to deal a more serious blow to the ruling group. Allah commands in the Koran: Fight in the cause of God those who fight you, but do not transgress limits; for God loveth not transgressors. Allah consents to the just struggle of the people in our country. Accordingly, we must sympathize with and support the struggle. On the occasion of the establishment of the Malaysian United Islamic Front, let us thank God for his grace, strengthen unity among fellow Muslims, emulate the spirit of the (?Great Prophet) in defending Medina from enemy attacks, and fight courageously to achieve the ideals of Islam! [passage indistinct]

ENVOY TO U.S. SPEAKS AT CON-COM, STIRS CONTROVERSY

HK310234 Quezon City BUSINESS DAY in English 30 Jul 86 p 22

[Text] Discussions on the removal of the American military bases in the Philippines could prejudice the country's economic recovery plans, Ambassador to the United States Emmanuel Pelaez told the Constitutional Commission [Con-Com] yesterday.

"This is not the time to take up the U.S. military bases. Our number one problem is economic recovery," Pelaez emphasized.

Pelaez said both the American and the Philippine Government appear to rank economic recovery and political stability as the "highest priority" in mutual cooperation.

The time to take up the bases issue has not yet come, he added.

Pelaez appearance before the Con-Com stirred heated controversies among some members. Nationalist members termed the Pelaez presence as "meddling in the Con-Com and the working of some insidious and subservient groups."

Pelaez said he was invited by Commissioner Gregorio Tingson, a vocal supporter of the extension of the military bases and some other commissioners to inform them about the American perspective on the development in the Philippines. He added that he was here for home consultation on the visit of President Corazon C. Aquino in the U.S. in September.

At the start, Commissioner Jose Suarez, chairman of the Committee on Transitory Provisions, was in a quandary over Pelaez's presence at the Con-Com.

Commissioner Lino Brocka, a member of a cause-oriented bloc, stood up and said he is "bothered" by Pelaez's appearance. He considered Pelaez's presence as "meddling and interference in the workings of the Con-Com.

Brocka questioned the propriety of Pelaez's appearance. He said this will be a bad precedent, because others like Senators Lorenzo Tanada and Jose Diokno may ask for the same privilege.

"What would stop others to seek the same? It makes us look like idiots." Brocka then accused Tingson of "insidious manipulation."

At this juncture, Commissioner Wilfrido Villacorta, a proponent of the prohibition of foreign bases in the country, stood up and proposed that the Con-Com hold an executive or closed-door meeting, excluding the public. This precipitated the walkout of the members of the press.

Of late, the Con-Com proceedings have been getting poor public attention.

Before the confusion occurred, Pelaez told the Con-Com that "it is not unrealistic to say that our getting favorable assistance would depend upon the sympathy in the U.S."

Pelaez said President Aquino's state visit to the U.S. is to gain sympathy for the restructuring of the Philippine \$27-billion foreign debts.

"Unless we have restructuring of these debts, the foundation of the country's economic recovery will not be in place. Without it, the economic recovery could not proceed," Pelaez said.

The President's visit aims to attract foreign investors and seek help in the solution of our budget deficit problem. She will also work for a more favorable term on the restructuring of loans.

Pelaez then pointed out the importance of finishing the new constitution before Mrs. Aquino's visit to the U.S.

"I came to inform the Con-Com that their work is of the utmost importance, for investors are asking for the government's guidelines," Pelaez said.

He added that the U.S. military bases issue will not be taken up during the Aquino state visit. "To raise the military bases question in the state visit would complicate the priority issue," he added.

According to the former foreign minister, the priority is economic recovery of the country and attracting foreign investments.

The former vice-president maintained that the American bases issue will not be taken up during the state visit. He said the U.S. Government has relied on the earlier commitment of President Aquino that the government will honor the military bases agreement until 1991 and she will keep her options open until then.

The U.S. military bases here loom as the most emotional and controversial issue in the Con-Com.

Earlier, the Committee on National Territory presided by Commissioner Felicitas Aquino approved in a seven-to-two vote the incorporation in the new charter of a zone of neutrality and prohibition of foreign bases in the country.

However, another resolution filed by Tingson proposed the extension of the military bases by 100 years. The resolution however was claimed to have been filed by mistake.

In an interview after his Con-Com appearance, Pelaez disclosed that the U.S. Congress has proposed three economic aid packages to the Philippines amounting to \$500 million.

According to Pelaez, the grants are the following -- \$150-million new package proposed by the American Government, \$250-million straight grant provided by a bill filed by Congressmen Stephen Solarz and Jack Kemp; and \$100-million straight grant approved by the American Senate Committee on Foreign Affairs headed by Sen. Richard Lugar.

Pelaez told newsmen that the delay in the economic aid from the U.S. is caused by the finalization of a shopping list consisting of economic and military aids needed by the Philippine Government.

Retention of U.S. Bases Urged

HK310642 Manila PHILIPPINE DAILY INQUIRER in English 30 Jul 86 pp 1, 2

[Except] Economic benefits and national security remain the key factors in the clamor of some sectors of Philippine society to retain the U.S. military facilities in the country.

In Cebu City, some 500 leaders and members who met over the weekend approved a resolution seeking the retention of the military facilities in Clark Air Base and Subic Naval Base.

They said this will not only benefit the country economically. But will also deter possible invasion of the Philippines by other countries.

The same sentiment was shared by some 20,000 people who held a rally in Olongapo City yesterday.

The rallyists, who came from all walks of life, asked the Constitutional Commission to exclude from the new Constitution Resolution No. 402 which bans foreign bases in the Philippines after the expiration of the RP-US Military Bases Agreement in 1991.

Former Members of Parliament Rafael Palmares and Rene Cayetano, NP [Nacionalista Party] president and secretary general, respectively, charged that the people strongly advocating the removal of the U.S. military bases are "leftist."

The NP resolution disputed claims that the operation of U.S. military facilities in the Philippines would invite foreign invasion. It pointed out that it is the weak country without protection which has been "attacked and swallowed by their strong neighbors."

It also cited the millions of dollars the country has received from the U.S. for the operation of its military bases as well as the jobs these facilities have provided directly and indirectly to thousands of Filipinos.

Acting Olongapo Mayor Teddy C. Macapagal said that while the city's economy depends entirely upon the Subic Naval Base, it is more than the economic benefits derived from the presence of the base that is at stake but the security interest not only of the Philippines but the entire Southeast Asia.

"It is not true that the presence of the U.S. bases is an open invitation to nuclear attack because there has never been a country in the world with a U.S. base that has been attacked while countries without U.S. bases like Cambodia and Afghanistan are the best examples of countries without U.S. bases which were attacked and occupied by Russia," Macapagal said.

Macapagal said that U.S. military presence in the Philippines does not only contribute directly to the defense of the country but also preserves the balance of power in Southeast Asia.

Roberto A. Flores, president of the 22,000-members Federation of Filipino Civilian Employees Associations in the U.S. bases in the Philippines, said the real issue on U.S. bases question is "whether we want to remain a democratic country by allowing the continued presence of these bases or we prefer communism by dismantling them and allow the Russians to take over."

"Without the US bases in the Philippines, our country will be an easy prey to foreign aggressors", Flores said. [passage omitted]

COLUMNIST COMMENTS ON AQUINO U.S. VISIT

HK310716 Manila MANILA BULLETIN in English 30 Jul 86 p 6

[Column by Jesus Bigornia: "A Closer Look at President's Washington Visit"]

[Text] No head of state has ever gone to Washington with as little clout as President Aquino would have in her bag when she visits the American capital in mid-September. By then, her own creation, the Constitutional Commission (Con-Com), would have reduced her to a state of mendicancy. That is, if the Con-Com should now adopt a committee-approved resolution declaring neutrality as a national policy. President Aquino would have been denied her only bargaining level in talks with the Reagan administration -- retention of United States military bases on Philippines territory even after 1991.

Incorporation of the neutrality clause in the draft constitution now being forged by the Con-Com calls for the dismantling of Clark Air Base in Pampanga and the Subic Naval facility in Zambales. Whether the Philippine Government likes it or not, the President will be asked for a commitment on the extension of the RP-U.S. Military Bases Agreement beyond its expiry date in 1991. A security-conscious Reagan administration and an American public alarmed over Soviet expansionism in the Pacific and Indian Oceans are certain to keep the military bases issue very much alive during Mrs Aquino's Washington visit.

Stonewalling the Americans in prospective discussions with the U.S. State Department and the Pentagon with the excuse that she is not prepared to discuss the issue would never be accepted by the American public. Adherence to the line that she is there to seek assistance for an economy ravaged by a previous administration with nothing more than professions of friendship to offer in return is hardly sufficient to convince a penny-pinching Congress to loosen America's purse strings. References to historic cultural and political ties "cemented in blood" are nice to hear. They mean nothing at negotiating tables where only national self-interest is paramount.

Of course, the Reagan administration will not allow President Aquino to return to Manila empty-handed. But her visit would have turned sour. And the assistance would not be as substantial as expected. All because left-leaning elements in the Con-Com, abetted by ultranationalists, would have spelled the doom of the American bases. The situation may not, however, be as desperate as spelled out in this space. Malacanang can always exert pressure on the conservative elements of the Con-Com to repudiate the crucial resolution. A precedent was set with the rejection of a committee-approved resolution calling for the creation of a unicameral legislative body.

AQUINO, GONZALES COMMENT ON TOLENTINO, RALLIES

HK010810 Manila MANILA BULLETIN in English 31 Jul 86 pp 1, 10

[By Wing Marcelo]

[Text] The Aquino government is keeping the door open for a possible granting of clemency for former Senator Arturo Tolentino and 40 others accused of rebellion on condition that they show sincere and concrete efforts that they feel sorry for the Manila Hotel incident.

Otherwise, Mrs Aquino said, the government will proceed, as it is now doing, with the prosecution of Tolentino and the others for inciting to sedition and rebellion which carries the penalty of death for those found guilty.

Speaking in her biweekly television program, Mrs Aquino said her government had waited very long for Tolentino and his group to comply with the government requirement that they take an oath of allegiance.

But even this simple matter, she said, had been ignored by the accused, prompting the government to file charges of rebellion last Monday.

Justice Minister Neptali Gonzales, who was also guest in the program, with Orly Mercado as interviewer, said the decision was made as early as Friday and the death of an Aquino follower during the antigovernment rally last Sunday at the Rizal Park had nothing to do with the filing of charges.

Minister Gonzales said Mrs. Aquino is keeping an open mind on the matter of granting clemency for Tolentino and company.

"But there must be some showing of good faith on their part," Gonzales said.

He said that at the moment there is no turning back. The charges have been filed and it is difficult for the government to back down from that path, Gonzales said. "If we change our mind now, they will say that we are indecisive, that we are weak," he said. "But we have given them enough time to comply with our requirement and there had been no positive response from their side."

Mrs. Aquino said that she had been informed that Tolentino had promised to abide by the government requirement.

"I hoped to see concrete proof that they are sorry, but there was none of this," she said. "It looked as if they were fooling us."

Minister Gonzales said it took some time to file the charges because they wanted all information checked first.

"We don't want to go back to the time of former President Marcos when just about anyone who disagrees with the government are arrested and thrown into jail with no charges filed against him," Gonzales said.

Mrs. Aquino recalled that this was what happened to her husband, former Senator Benigno Aquino Jr., who was imprisoned for seven years, and to former Senator Jose Diokno who was jailed for two years and then released with no charges filed against him.

"We are being careful and we want the rule of law to prevail," Gonzales said.

Asked whether the ban on demonstration is an infringement on citizen rights to free assembly, Gonzales said that if there is clear and present danger to the country, the government has the right to stop these rallies.

Mrs. Aquino said the government will allow rallies only if they are peaceful. But she said the rallies have been violent and the government must move in to assure the safety of citizens.

"We used to have one million people in our rallies but there never was a single violent incident and no one got hurt," she said.

RAMOS SAYS NON-OATH TAKERS SHOULD RESIGN

HK010702 Manila THE NEWS HERALD in English 31 Jul 86 pp 1, 6

[By Ben Gamos]

[Text] Camp Olivas, Pampanga -- Gen. Fidel V. Ramos, AFP [Armed Forces of the Philippines] chief of staff, said government people who refuse to take oath of allegiance to the Freedom Constitution should resign.

The general made the statement in response to a question during the open forum of a command conference held here Tuesday.

Lt. Col. Leandro Mendoza, Bulacan PC [Philippine Constabulary] commander asked Ramos what commanders should do to personnel who refused to take the oath.

Ramos said it is the obligation of everyone in government to take the oath. "Otherwise," he declared, "they should sever connections with the government."

In the case of defiant military personnel, Ramos instructed field commanders "to submit your own recommendations."

REDUCTION OF HOME DEFENSE FORCES SUGGESTED

HK300736 Quezon City BUSINESS DAY in English 29 Jul 86 p 11

[Text] Armed Forces Chief of Staff Gen. Fidel V. Ramos has proposed a reduction in the number of full-time members of the Civilian Home Defense Forces (CHDF), instead of abolishing the paramilitary unit.

Ramos's proposal was contained in a study sent to President Corazon C. Aquino and endorsed earlier by Defense Minister Juan Ponce Enrile.

The disbandment of CHDF will "surely weaken the territorial defense system," Ramos said, citing operational and social costs of dismantling CHDF.

During her visit to Davao last May, the President instructed Ramos to look into CHDF because of mounting reports on abuses committed by the militiamen. She urged the Armed Forces to renew efforts to reform CHDF.

The country has 70,000 CHDF members, including part-time and reserve members classified respectively as categories two and one. Of the 70,000 some 53,000 are full-time "duly appointed," issued firearms and entitled to allowances; they are classified as category three.

Ramos has proposed to cut the number of fulltime militiamen from 53,698 to 45,000 with their distribution as follows: Region 1 -- 1,560; Region 2 -- 1,600; Region 3 -- 2,850; Region 4 -- 1,100; Western Command -- 150; Region 5 -- 1,500; Region 6 -- 1,090; Region 7 -- 710; Region 8 -- 3,840; Region 9 -- 10,775; Region 10 -- 3,425; Region 11 -- 6,800; and Region 12 -- 9,600.

He also recommended steps to reform CHDF:

- Better recruitment procedures through intensified screening and selection.
- Control through a permanent cadre of regular soldiers.
- Employment for static defense operations in their respective communities and not for law enforcement operations.
- Integration with the political, social, and economic fabric of the barangays through active participation in community activities.
- Judicious implementation of awards and punishment.

Ramos cited difficulties in disbanding CHDF and replacing its members with an equal number of soldiers or policemen.

He said the national budget will be strained since total cost per year of maintaining 70,000 soldiers is P860 million and P1.19 billion for 70,000 policemen.

Maintaining 70,000 CHDF members will cost only P190 million, Ramos said.

Apart from the operational cost of disbandment, Ramos said the social costs are just as weighty factors to consider:

- The personal security of militiamen after they are disarmed will be a government problem.
- Muslim rebel returnees who became CHDF militiamen are not likely to allow themselves to be disarmed; they would prefer to return to the Moro National Liberation Front (MNLF).

"Targets of insurgent liquidation, several CHDF militiamen may either run to the mountains with their weapons and become lawless elements or may accept their fate in the hope that they will not be harmed by the insurgents in return for their support of the insurgent cause," Ramos wrote the President.

Defense Minister Juan Ponce Enrile, in a letter to the President last July 14 supported the Ramos study. Enrile wrote, "Disbandment of CHDF will favor the insurgent cause" and tie down the AFP [Armed Forces of the Philippines] operating forces to static defense, thus limiting AFP capability for offensive action against the dissidents.

Ramos explained that a decision to disband CHDF will leave the Integrated National Police (INP) as the first line of defense of populated areas.

"With a strength of some 50,000 men, the INP will be hard-pressed to perform both police work and static defense...If the AFP will be employed to fill the vacuum created by the CHDF, the task of neutralizing the armed insurgents...will be seriously impaired; tying down the AFP in static defense will be tantamount to giving the insurgents freedom of action in the field," he said.

Ramos argued that the insurgents will conveniently take over" the protection of the people in the barangays should CHDF, if disbanded, not be replaced.

He said unless reversed, insurgency is expected to reach 9,000 barangays by end of the year, or 22 percent of the total barangays.

LAUREL SAYS GOVERNMENT-MUSLIM TALKS GOING ON

HK310529 Manila THE NEWS HERALD in English 30 Jul 86 pp 1, 6

[Text] Crucial negotiations between government and Muslim rebel representatives on the Mindanao question are going on.

Vice President Salvador H. Laurel said, however, that he was not free to identify the participants and the site of the secret talks.

Other sources said that the parleys centered on the Tripoli Agreement which was reached between the late former Deputy Defense Minister Carmelo Z. Barbero and Nur Misuari, Chairman of the Moro National Liberation Front in Libya in the late seventies.

The Tripoli Agreement provided for the establishment of an autonomous government in Regions 9 and 12 which are dominantly Muslim areas in Mindanao.

It also prescribed for a Muslim educational system, Shariah courts, a legislative assembly and security force.

On the latter condition, the armed forces had objected since security is already being furnished by the military, it was said.

Even as Laurel disclosed that the negotiations were in progress, leaders of the Bangsa Moro which is supporting Muslim autonomy within the framework of Philippine territorial integrity disputed the veracity of Laurel's information.

In a television interview conducted by former MP Orly Mercado Monday night, these leaders lamented that while President Aquino had sent peace emissaries to the NPA's, none has yet been dispatched to the MNLF.

The Bangsa Moro is behind the leadership of Misuari having been "anointed" by the Islamic Conference, composed of Muslim countries, to lead the talks.

A rival MNLF faction is headed by Hashim Salamat. The latter had reportedly left his Middle East Base to join his followers in the south.

The Muslim community has long felt aggrieved by the reported neglect of the national government which, at present has not even a Muslim member in the cabinet, it was pointed out.

Although the multi-national corporations operating in Mindanao have been paying millions in taxes not a centavo has been used to develop Mindanao since these taxes were all turned over to the central government.

Bangsa Moro leaders are agitating for federalization not only of the south but the entire country. Under this system, autonomous functions include the power to levy taxes and dispose of them for local improvement.

On the proposed security force, it was pointed out that this will be more of a police militia rather than a military outfit. These policemen will be more familiar with local conditions as well as customs instead of these recruited from the north.

GOVERNMENT, IMF DRAFT LETTER OF INTENT

HK310324 Quezon City BUSINESS DAY in English 30 Jul 86 p 3

[Text] The government and the International Monetary Fund (IMF) yesterday started working on the final draft of a letter of intent which is expected to be signed by the Philippine negotiating team this week. The IMF team is scheduled to leave on Saturday with the completed letter of intent. Thereafter, the letter of intent will be submitted to the Fund's executive board after consultations with the IMF managing director who will endorse the Philippine program. It will take the Fund's executive board four to six weeks to act on the Philippine's letter of intent. Favorable action of the board would pave the way for the signing of a new 18-month standby credit agreement -- "the seal of good housekeeping" -- which commercial banks are awaiting before talks for a new multiyear restructuring agreement (MYRA) can start, covering the Philippines' commercial debts from 1987 to 1990, estimated to amount to \$6 to \$7 billion. The agreements reached so far are:

- Gross national product growth of 1.4 percent this year;
- Government expenditures to reach P114.3 billion with a budget deficit of P27 billion;
- Reserve money ceiling of P45 billion;
- Inflation level at 6 percent to 8 percent;
- The implementation of a general expansionary program for this year and the next;
- Restructuring of government financial institutions, primarily the Philippine National Bank (PNB) and the Development Bank of the Philippines (DBP);
- Adoption of a floating rate policy for the peso;
- Privatisation of government-controlled or -acquired corporations, including government-acquired commercial banks;
- Implementation of tax reform measures, including the 29 recently approved measures to streamline and improve government revenue collection;
- Preliminary agreements on sugar and coconut reforms, principally the dismantling of monopolies in these two sectors; and
- Partial agreement on the import liberalization program.

AQUINO WARNS IMF AGAINST 'STRICT CONDITIONS'

HK310211 Manila Far East Broadcasting Company in English 2300 GMT 30 Jul 86

[Text] Philippine President Corazon Aquino yesterday [30 Jul] warned the International Monetary Fund against imposing strict conditions on her government. She said the Philippines cannot accept the same treatment the IMF gave the Marcos government. President Aquino took this tough stance against the IMF, when informed about certain instructions the IMF gave the Development Bank of the Philippines [DBP], during the meeting of her cabinet yesterday at the Presidential Palace in Manila. Deputy Executive Secretary Vicente Paterno said the instructions by the IMF will restrict the operational flexibility of the DBP, which is the major Philippine bank engaged in developmental activity. Meanwhile, the IMF is asking the government to further reduce its projected budgetary deficit of P11.4 billion next year. This move is aimed to deflect the impact of the restructuring of government corporations. Economic Planning Minister Solita Monsod told newsmen that the impact of the restructuring of government corporations was probably not included in the projected deficit for 1987 because the restructuring may not be put in place by the whole of next year.

'Worried' About IMF Treatment

HK301247 Hong Kong AFP in English 1215 GMT 30 Jul 86

[Text] Manila, July 30 (AFP) -- President Corazon Aquino is worried about the treatment the Philippines is getting from the International Monetary Fund (IMF) and the World Bank, a government spokesman said Wednesday. "The president remarked that perhaps, we cannot also accept the same treatment from the International Monetary Fund and the World Bank as they did with the Marcos government", Presidential Executive Secretary Joker Arroyo told a news conference here following a cabinet meeting. The IMF had imposed an austerity programme as a condition for granting loans to the regime of strongman Ferdinand Marcos, whom Mrs. Aquino replaced as president following a popular revolt in February.

IMF officials are now negotiating with the government on conditions for new loans. Mrs Aquino, who inherited a crippled economy and a 26 billion U.S. dollar foreign debt, had earlier asked the country's creditors for easier repayment terms. Press reports said the focus of the closed talks was the country's import liberalization program, which has met opposition from local big business. "Questions were raised in the cabinet meeting as to whether the International Monetary Fund and the World Bank are treating the Aquino government in the same manner that it treated the Marcos government," Mr. Arroyo said.

Central Bank governor Jose Fernandez had said the IMF and the World Bank were "rather liberal" on budgetary questions, Mr. Arroyo said. But chairman of the state-owned Development Bank of the Philippines (DBP) Jesus Estanislao has maintained that the international creditors were "taking a heavy hand" on government financial institutions, Mr. Arroyo said, adding that the government would resist such pressure.

Vicente Paterno, a deputy minister for energy, told the news conference, "The DBP reported that the IMF was asking for certain specific changes in the bank's charter which would unduly restrict the bank's operational flexibility." He described the IMF's demands as, "undue interference," and added "I think the heaviness of hand is demonstrated by that." On the IMF and the World Bank's relationships with the Philippines, he said: "When an institution does not trust the entity with whom they are dealing, they are likely to impose more onerous and severe conditions than if they are dealing with someone in whom they have confidence."

In a memorandum to Mrs. Aquino, Trade and Industry Minister Jose Concepcion also expressed "serious reservations" about IMF demands, saying that "The private sector stands firmly against the wholesale and immediate import liberalization program envisioned by the IMF." Businessmen have identified labour unrest and import liberalization as their main problems. Mr. Concepcion said tariff duties on 68.9 per cent of the 1,232 products named in the IMF's stabilization programme, had been lifted. He said the private sector had asked for more time to study the "critical few items" which may create a "negative impact" once they are liberalized.

The private sector had cited the "shrunk domestic market", which may led to collapse of remaining industries and factory shutdowns once the liberalized imports arrive, as reasons against import liberalization, Mr. Concepcion said. The cabinet has set a 90-day period for public hearings on the issue, after which they will decide on what measures to adopt.



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